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TODAY

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Serb Riot Police Beat Protesters In Edgy Kosovo

30,000 Ethnic Albanians Rally To Condemn Killings of 20; West Asks Milosevic to Negotiate

By Chris Hedges
New York Times Service

PRISTINA, Serbia — The Serbian police used truncheons, water cannon and tear gas to disperse about 30,000 ethnic Albanian demonstrators who were marching here Monday to condemn the killing of more than 20 people over the weekend.

The street clashes in the capital marked the third day of serious unrest in Kosovo Province, where 90 percent of the population are ethnic Albanians. The

On the move with Kosovo's rebels. Page 5.

unrest began Friday when Serbian police were ambushed by rebels of the Kosovo Liberation Army. The Serbian authorities, lashing out with an unrestrained fury, executed at least 20 civilians in the area of the ambush, human rights officials contend.

The unrest could, if unchecked, lead to an escalation of the mounting violence that has beset Kosovo in recent months. Western diplomats, who were quick to condemn the behavior of the Serbian police, have appealed to Slobodan Milosevic, the president of Yugoslavia, to negotiate with the ethnic Albanian leadership, an appeal that was swiftly re-



Riot police charging demonstrators in Pristina, capital of Kosovo Province, on Monday, at a rally two days after 20 people were killed during police sweeps against ethnic Albanian militants.

ected by senior government officials in Belgrade.

The police, to prevent protesters from gathering in the center of Pristina, blocked streets early in the morning. When people began to gather, squads of heavily armed police charged to break them up.

One group of police, apparently angered by the efforts of a photographer to take pictures from the window of the daily newspaper Koha Ditor, entered

the offices of the paper, ransacked the premises and threw the photographer from the second story window, breaking his leg. Scores of other people were injured in the assaults, as police officers chased protesters down side streets and gave those they caught brutal beatings. Veton Suroi, the editor of

See KOSOVO, Page 5



Atal Bihari Vajpayee, a leading Hindu nationalist, receiving partial election results Monday.

By John F. Burns
New York Times Service

NEW DELHI — Partial returns from India's general election indicated Monday that an alliance of parties led by the Bharatiya Janata Party, a Hindu nationalist group, had far outstripped a rival alliance led by the Congress (I) Party, but apparently not by enough seats to assure the Hindu nationalists of an outright parliamentary majority.

A fuller picture awaited the completion of voting, counting for more than 540 parliamentary seats, which was not expected until late Tuesday.

But if the early results hold up, India appears to be headed for a period of intense political maneuvering, with the Hindu nationalists and the Congress Party competing to reach a majority by drawing the support of other groups with seats in the new Lok Sabha, India's lower house of Parliament.

According to an unofficial estimate made by Star TV, a privately owned television network with the most elaborate broadcast coverage of the results, the Bharatiya Janata Party and its allies were likely to end up with 250 to 260 seats.

The network estimated that the Congress Party, led in the election campaign by Sonia Gandhi, the Indian-born widow of Rajiv Gandhi, a former prime minister, would get between 150 and 160 seats, an improvement of about 15 to 20 seats from the 1996 election, when Mrs. Gandhi did not campaign.

The network estimated that a third major alliance, a center-left group known as the United Front, would win 100 seats, with 20 to 40 seats going to splinter parties that have not aligned with any of the major groups.

Since leaders of the Congress Party and the United

See INDIA, Page 4

PICKING ECONOMIC WINNERS IN EUROPE AND ASIA

In the Old World, a New Equity Culture

By John Tagliabue
New York Times Service

FRANKFURT — Two years ago, Boris Ogursky was working for the catering arm of Lufthansa, the German airline, when he saw the future and made a bet.

The German government was selling off the last bits of the airline to investors, and Lufthansa management was trying to introduce employees to the idea of having a stake in the company's success. In place of a pay raise, employees could choose between a one-time cash payout and an equivalent amount of stock.

To make the notion of stock ownership too good to refuse, Lufthansa added a twist: Employees could borrow money interest-free from the airline to buy additional stock at market prices. After two years, they could either sell the shares and pay back the loan or hold onto them and pay it off gradually. If Lufthansa's share price rose, the employees

pocketed the profit; if it sank, the company promised to buy back the shares at no loss to the employee.

Mr. Ogursky bit. He purchased 67 Lufthansa shares at 20.60 Deutsche marks, or nearly \$12 a share. On Friday, they closed at 34.35 marks, or almost \$19. Mr. Ogursky's 110 shares — he later added to his holdings — are now worth about \$2,100.

Stock ownership in Europe is nowhere near as common as it is in the United States. Forty-three percent of adult Americans own shares, either directly or through mutual funds, compared with only 6 percent of adult Germans, 16 percent of the French and 25 percent of Britons. Investing in stocks has long been considered too chancy a move in the Old World, where the middle-class investment of choice is a virtually risk-free government bond.

But that is changing. In 1995, when Lufthansa first offered

See SHARES, Page 6

In the Far East, Nimble Firms Thrive

By Steven Mufson
Washington Post Service

TIANJIN, China — Just a few months ago, four companies in Thailand were vying for shares of the leather goods market for leather goods. Today, two are bankrupt, crushed by the weight of foreign debts.

The surviving two, however, are making more money than ever. Smart enough to have borrowed only in Thai currency, they were not hurt by the plunge in the foreign-exchange value of the baht. In fact, they are in better shape than before; they cannot work fast enough to fill their orders. Sales prices are holding steady, because there is less competition, and the slump of the Thai currency cut the cost of labor and local leather and fattened profit margins.

Similar stories are emerging across Asia from the shakeout of the continent's fiscal crisis. The financial earth-

quake has altered the economic landscape, and while for the most part it has brought hardship and even catastrophe, it also has left standing some winners in an intensified international competition for money and markets.

"If you had low debt, if you're exporting and getting dollar revenues and have local currency costs, then you're doing great," said John Steel, a Hong Kong-based economist for Bear, Stearns & Co. "Unfortunately, there are not too many companies like that."

Some of the winners and losers are well known. Among the losers are Thailand's banking sector, South Korea's biggest conglomerates and the vast majority of Indonesian companies. J.P. Morgan & Co. is laying off Asian staffers, and Union Bank of Switzerland took a huge write-off for an ill-fated Asian currency transaction. The winners are some foreign-funded

See SHAKEOUT, Page 14

Soaring Inflation Hits Indonesia and South Korea

Compiled by Our Staff From Dispatches

JAKARTA — The forced devaluation of their currencies has sent inflation rates soaring. Indonesia and South Korea announced Monday, in a fresh sign that a second wave of turbulence in Asia's economic crisis is washing across the region.

Indonesia's inflation rate accelerated to nearly 32 percent in February, the brink of hyperinflation, the government reported. The figures are the worst since the mid-1960s, when economic and political turmoil toppled Sukarno, Indonesia's founding father, and propelled President Suharto to power.

"This is just the reported figure, can you imagine what it's really like out in the villages," said Jimmy Koh, a regional economist at Independent Economic Analysis (Holdings) Pte. in Singapore. "I was looking at 50 percent for the full year before this number. Now I'll probably revise it higher."

Over the past six weeks, prices have soared, hundreds of thousands of people have lost their jobs, economic activity has slowed to a crawl, and dozens of food riots have broken out in provincial towns.

In South Korea, the months-long slide of the won has also sent inflation soaring. The Finance Ministry said the consumer price index had risen at a 9.5 percent rate in February, after an 8.3 percent rise in January. Producer prices climbed 17.7 percent in February.

At the same time, Seoul announced a record trade surplus, but economists said this would not last. The Trade Ministry said the country had a customs-cleared surplus of \$3.29 billion in February, the largest ever, against a \$2.12 billion deficit a year earlier.

The surge in inflation has been anticipated, given the won's dramatic fall to the dollar, said Kim Joon Kyung, an economist at the Korea Development Institute. "But exports won't be able to sustain steady

growth for long because the basis for exports is weakening rapidly."

Indonesia's inflation figures were issued as former Vice President Walter Mondale, an envoy of President Bill Clinton, arrived in Jakarta to urge Mr. Suharto to implement economic reforms.

Indonesia's Bureau of Statistics said inflation in February was 12.76 percent, more than in all of 1997. The year-on-year figure for the month was 31.7 percent, close to hyperinflation.

Analysts say that, as a rule of thumb, hyperinflation is defined as price increases running at between 40 percent and 50 percent. The sharp jump in the official figure backed up anecdotal evidence that price rises in many basic goods are already 40 percent or 50 percent or even much higher. The government's official fig-

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A Battle of Appearances

Expect Both Candidates to Shun Risky Issues

By John Vinocur
International Herald Tribune

PARIS — In nominating Gerhard Schroeder, the Social Democratic Party has chosen a candidate for chancellor whose appearance of substance and seeming refusal of palpable risk may be just enough for Germans to think he is the safe choice to replace Helmut Kohl after 16 years in power.

Appearances rather than doctrine will very probably be at the heart of the election Sept. 27 because the choice in Germany is between two still very cloudy notions of the future of Europe's pivotal country: Mr. Kohl's imprecise promise of security and continuity in a world that has changed, and Mr. Schroeder's equally vague pledges of modernity and renewal.

The contest is in every respect a fascinating and passionate match between

men of powerful political reflexes, but the lack of specific undertakings in their ideas about what Germany should become makes the issues secondary to the personalities. In a country that has taken pride in elections that have meant programs and content, their diminished presence creates the prospect of a vote that will be decided by emotions, instinct and the impact of television.

On the issues, each candidate is

NEWS ANALYSIS

obliged to deal with a central contradiction. Mr. Kohl, the Christian Democrat who oversaw German reunification but also the unrelieved onslaught of massive unemployment, must cast himself as guarantor of a safe and seamless type of everyday life and opportunity that many Germans feel vanished during his reign. Mr. Schroeder, the charismatic challenger whose state ran up a ledger of debt, joblessness and government intervention in private business, must show himself as committed to innovation for Germany well beyond the modest scale of his accomplishments in Lower Saxony.

Under the circumstances, the election can turn on two elements. If the debate goes to the substance of reform, one of the elements can be each candidate's explanation of how much new individual risk, in a country that abhors it, will be brought into German society in order to create jobs and enterprise.

But considering the potential for alienating voters attached to Germany's vast system of state protections and subsidies, an exceptionally personal confrontation, short on detail and strong on emotion, seems more likely.

In a long campaign the potential for error and the awakening of conservative

See GERMANY, Page 6

AGENDA

Terrorism 'Ugly,' Iran's Leader Says

TEHRAN (AP) — President Mohammed Khatami of Iran vowed Monday to cooperate with the international community in fighting the "ugly phenomenon" of terrorism.

In a meeting here with the Italian foreign minister, Lamberto Dini, Mr. Khatami said: "Terrorism and violence beget hatred and hatred is destructive. I sincerely and honestly am ready to cooperate to fight this ugly phenomenon in all its forms."

Western countries, led by the United States, often accuse Iran of sponsoring terrorism.

The Dollar	
New York	Monday 4 P.M.
DM	1.8143
Pound	1.6463
Yen	125.53
FF	6.0837
The Dow	
Monday close	8560.45
S & P 500	1047.72
change	1.52
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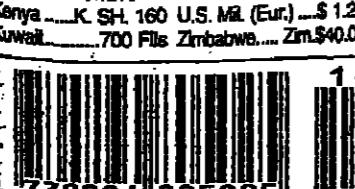
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Kenya	K SH. 160	U.S. M.	\$ 1.20
Kuwait	KW 700	Zimbabwe	Zm \$40.00



s Meciar Fills ntial Vacuum

limbo. There are no penalties, and Meciar can consolidate and act at will. More important, he has influence to thwart the next parliamentary elections this fall. As the law now reads, he will assume the right to compose the makeup of the new Parliament, but if he does not, he can make up the new Parliament as he sees fit.

The constitution also does out who takes on the tasks of laws or appointing ministers. In the event of a president, there is no president, he can turn to himself, and then accept his confidence. Private radio and television stations have arrived since the independence of the country.

Politicized plus reports of killings and privatization rapidly detailed, and with clear voice such educational sacrifice.

A newspaper poll shows a Democrat Coalition, drawing 15 percent of likely voters. Mr. Meciar has drowned out a quiet, embarrassed de-

Fingers were pointed, hands were wrung. Officials lamented that the United States continued to be, as the title of an influential 1983 education report had it, "A Nation at Risk."

But with the country standing today as the world's unchallenged technological powerhouse, the trendsetter for a global computer and information economy that Asian and European countries are struggling to match, the scripted furor has drowned out a quiet, embarrassed de-

bate. Top scientists and educators are wondering whether the country is succeeding despite loose educational practices or at least in part because of them.

"Like America, science is a fundamentally optimistic endeavor, a kind of child's play, where little attention is paid to getting it right immediately and there is little stress on canons," said Dudley Herschbach, a chemistry professor at Harvard University and a 1986 Nobel laureate. "I have noticed that graduate students who get straight A's are often lost when it comes to research. Maybe we have let kids wander all over hell in high school, but that preserves some energy for later when it is better spent."

Even as he spoke those words, Mr. Herschbach worried that they were a rationalization of dismal results, and based on little more than anecdote and hunch. But he was not alone to voice such educational sacrifice.

Larry Cuban, a professor of education at Stanford University, said, "American ingenuity and

innovation seem to be so nimble in responding to difficult problems that one could speculate that the progressivism that so many critics claim has seized American schools is the very fountainhead for that creativity and innovation."

Nearly all educators agreed that American schooling required improvement, that teachers were poorly paid and trained and that students were underserved and insufficiently challenged. But the educators said the links between those problems and economic performance were apparently far less direct than had been supposed.

Many expressed alarm and puzzlement over the results, released Tuesday, of the Third International Mathematics and Science Study. American 12th-graders were outperformed in mathematics and science literacy by their counterparts in 12 countries out of 20 and did better than students in just two, Cyprus and South Africa. In advanced mathematics and physics, no country performed more poorly.

In the same study, American fourth-graders

scored above the international average and eighth-graders about average. So some educators took the opportunity to argue that recent attention to standards and better schools had begun to pay off but had not reached the upper levels of schooling.

The trouble is that this pattern has been consistent for as long as comparative tests have been given. In basic skills, American students start out equal to or ahead of students of the country's main trading partners, and steadily decline the longer they stay in school.

When in the late 1950s the Soviet Union put a rocket in space ahead of the United States, and in the 1970s and 1980s, Japanese cars and computers were leaving U.S. products behind, the gaps in students' mathematics and science scores were used as damning evidence of an imminent national decline, and a reason for spending money to improve schools. But today Asian and European educators are coming for visits to see what they might learn from the American system.

Howard Gardner, a professor of education at Harvard University, said the United States was "a country of infinite second chances."

"There are a thousand ways to bounce back," he added. "What harms you in other countries is the straight and narrow path you have to follow: If you fall off, it is very hard to get back on. Here it is a more chaotic system. But the world economy is more chaotic. So that's good."

With technology changing so rapidly, U.S. corporations are investing billions in on-the-job training at hundreds of so-called corporate universities. Such training focuses the mind on specific tasks in ways that some analysts say can be more effective than traditional schooling.

Of course, despite all the talk of creative genius, a number of less radical explanations for the poor 12th-grade results and simultaneously booming economy are also being offered. Most experts argue that American universities most likely make up for many failings of high schools.

White House Turns Up The Pressure on Starr

3 Republican Senators Also Question Tactics

By Howard Kurtz
Washington Post Service

WASHINGTON — A top White House official has urged Kenneth Starr, the independent counsel, to end his Whitewater investigation, and a Democratic senator has called for his resignation, while three Republican senators expressed guarded criticism of his recent tactics.

Rahn Emanuel, the senior White House adviser, said on a television program Sunday that both he and President Bill Clinton believed that after a 4½-year, \$40 million investigation, it is time for Mr. Starr to "acknowledge that he has a dead end and wrap up that investigation." Mr. Emanuel also said that "Ken Starr has shown a willingness to use the grand jury to silence his critics."

"This is a partisan political pursuit of the president," he charged.

But Mr. Emanuel stopped short of urging Mr. Starr to resign, saying in response to a question: "Politically, that's ridiculous for us to say."

Senator Patrick Leahy, Democrat of Vermont, was asked on another television program if Mr. Starr should step down.

"Sure he should," Mr. Leahy said, adding: "Kenneth Starr has gotten totally out of control. He has this fixation of trying to topple the president of the United States. He's doing everything possible to do it."

In a further sign of the sharp public focus on Mr. Starr's aggressive approach, three Republican senators, while generally supporting the counsel, said he had erred in forcing Sidney Blumenthal, a White House aide, to testify before a grand jury last week about his criticism of the prosecutor's office and his contacts with reporters.

"I think Ken Starr made a mistake on that," Senator Arlen Specter, Republican of Pennsylvania, said. "I think emotions ran a little too high."

Senator John McCain, Republican of Arizona, said on a television program that "calling Mr. Blumenthal before the grand jury was a mistake."

"Somehow it managed to turn this guy into an admirable person," he said, "which is remarkable."

The chairman of the Senate Judiciary Committee, Orrin Hatch, Republican of Utah, said that Mr. Starr was legally within his rights to subpoena Mr. Blumenthal, a White House aide, to testify before a grand jury last week about his criticism of the prosecutor's office and his contacts with reporters.

Mr. Emanuel's comments appeared to represent an escalation of the White House attacks on Mr. Starr. In a subsequent interview, he said that the White-water investigation was "off track."

"What is it he can't figure out about a 24-year-old real estate deal?" he asked. "All we have seen is an escalation and expansion of the investigation with no conclusion of any of the pieces."

But Mr. Emanuel said his call for Mr. Starr to finish his work applied only to the investigation of the Arkansas land owner called Whitewater.

"I don't think after six weeks anyone's saying he should wrap up the Monica Lewinsky investigation," he said.

Since January, Mr. Starr has been investigating whether Mr. Clinton had a sexual relationship with Ms. Lewinsky, a former White House intern, and urged

Paul Begala, a White House adviser, said, alluding to Mr. Blumenthal's legal fees, that "Sidney and his family were fined \$10,000 for the crime of criticizing Ken Starr."

"And I think that's a chilling, chilling thing," he said.

Lanny Davis, a former White House special counsel, spoke of "putting a \$10,000 tax on his family with legal fees and asking him to disclose whom he talks to in the press."

■ Criticism in the Ranks

Even some of Mr. Starr's deputies are questioning the wisdom of some of his recent moves, The New York Times reported from Washington.

"We're getting creamed," a top deputy to Mr. Starr said.

Several members of the counsel's team acknowledged privately that his office had made strategic miscalculations that handed the White House additional ammunition to attack the independent counsel and to raise questions about the fairness of his investigation.



Vernon Jordan Jr., a prominent Clinton friend and adviser, leaving his home in Washington on Monday, a day before he was scheduled to go before a grand jury to tell what he knows about the Lewinsky allegations.

Away From Politics

■ After three and a half months in a hospital in Des Moines, Iowa, the last two of the McCaughey septuplets have gone home to join their large family and the 60 volunteers who help take care of them in the McCaugheys' three-bedroom house.

■ An armored car driver suspected of taking \$15 million from his offices has been captured after a five-month manhunt, a company official said in Charlotte, North Carolina. Surveillance tapes and photographs showed a man who the FBI believes is David Scott Ghant taking bags of money and putting them onto a cart in the company's vault. Other surveillance videotape

showed the man loading the bags into a company van.

■ The Supreme Court has allowed random drug testing of some federal employees at the Old Executive Office Building, next door to the White House. The justices let stand a ruling that said the tests were justified to protect the president and the vice president.

Investing Social Security In Stocks Gains Currency

By Richard W. Stevenson
New York Times Service

ment accounts for every worker.

President Bill Clinton has called for Congress and the White House to find a bipartisan solution next year to the looming financial problems of Social Security. The possible solutions include raising taxes, cutting benefits, increasing the retirement age, dedicating federal budget surpluses to investment, and turning Social Security into a more investment-based program.

Relatively few Democrats have publicly endorsed any shift toward a more investment-oriented approach, and many liberals oppose the idea, as do politically powerful advocacy groups for the elderly. Mr. Clinton has not announced a position.

But the idea is winning widespread support among Republicans. Some like Representatives Mark Sanford of South Carolina and Nick Smith of Michigan are sponsoring plans that would gradually replace the longtime system with private accounts. Others like Senator Judd Gregg of New Hampshire advocate using part of payroll taxes to finance private investment accounts while maintaining a reduced but guaranteed Social Security benefit as a safety net.

Social Security now has more than enough money to pay today's retirees and other beneficiaries. But it will become increasingly pressed as the 76 million people born in the 20 years after World War II begin retiring in droves around 2010. Unless changes are made, the system, experts say, will become insolvent around 2029, able to pay only 75 percent of promised benefits.

Younger people, especially, will get a bad deal relative to people born longer ago, the critics said.

The results, they said, are particularly striking when the system's payoff is compared with the much higher rates of return available in the stock and bond markets. Allowing part of Social Security to be invested in such areas would allow even low-income workers to accumulate significant wealth in their working lives, the critics contend.

The only way to save Social Security for the long term, meaning 50 years from now, is to transform the program so that it can become a source of wealth," said Senator Bob Kerrey, Democrat of Nebraska, who favors using part of the payroll tax to finance personal retire-

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POLITICAL NOTES

Republicans Try Broader Appeal

■ BILOXI, Mississippi — Southern Republican leaders have signaled their anxiety over the weakness of the party among women and blacks by casting straw ballots in favor of Representative J.C. Watts of Oklahoma and Elizabeth Hanford Dole for vice president in 2000.

In a survey of 1,106 delegates attending the biennial Southern Republican Leadership Conference here that asked: "Who is your first choice for the vice presidential nomination?" Mr. Watts, the only black Republican member of the House, led the field with 26 percent. He was followed by Mrs. Dole, former secretary of labor and transportation during the Reagan and Bush presidencies, who received 16 percent.

A plurality of delegates, 18 percent, selected Governor George Bush of Texas as their first choice for the party's presidential nominee in 2000.

Michael Retzer, chairman of the Mississippi Republican Party, said the vice presidential ballot results reflected an acknowledgment by delegates that the party should build support among women and blacks.

■ Senate Faces Public Works Test

WASHINGTON — In the first major test of whether

Congress will abide by the self-imposed austerity of last year's budget agreement, the Senate is taking up one of the biggest public works bills in U.S. history, a multi-year plan laden with big-ticket highway and transit projects that are dear to every lawmaker's heart.

The measure, scheduled to come up for debate on Monday, calls for spending at least \$181 billion, and possibly much more, over six years on virtually every type of land transportation project, from roads to bridges to subways to bike paths.

Every congressional district in the country stands to gain something from the measure, but the big question will be which ones gain the most. Regional alliances have formed, pitting senators from the Northeast and parts of the West, whose states benefit most from current transportation policies, against Southerners, who want to revamp the entire system to send more money their way. But deficit hawks will fight to hold down the spending.

(NYT)

Marlin Fitzwater, former White House press secretary, on the impact of the Lewinsky investigation on President Bill Clinton's staff: "I think it has a terrible impact on morale because every member of the staff, first of all, is fearful for the president. And second, they're fearful for themselves."

(AP)

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(AP)

Marlin Fitzwater,

ASIA/PACIFIC

Push Comes to Shove in Seoul Crisis

Legislators Trade Punches and Fail to Approve a Prime Minister

By Don Kirk
International Herald Tribune

SEOUL — President Kim Dae Jung's effort to appoint a prime minister degenerated into fistfighting, pushing and shoving in the National Assembly on Monday and finally broke down completely when the assembly failed to vote.

The assembly finally adjourned without deciding whether to approve the appointment of Kim Jong Pil, 72, one of the architects of the 1961 coup that ushered in a quarter century of military dictatorship.

President Kim was expected Tuesday to appoint Kim Jong Pil as acting prime minister anyway, in a show of good faith to the minority party leader whose support he needed to win the election in December.

"There must be an end to the political vacuum," said Park Ji Won, a presidential spokesman. "It is driving our country into a life-or-death situation." Even without a prime minister, Mr. Park said, the president was determined to name a new cabinet Tuesday.

Kim Jong Pil is a former army colonel who founded the Korean Central Intelligence Agency and served as prime minister under the dictatorial Park Chung Hee in the early 1970s.

Although he was President Kim's

nemesis when the latter was a dissident, President Kim sought his party's support as a candidate, and their deal stipulated that Kim Jong Pil would become prime minister.

The opposition Grand National Party holds a majority in the assembly even though its candidate lost the election. That party's defeated presidential candidate, Lee Hoi Chang, now honorary chairman of his party, signaled the showdown that lies ahead by calling on Kim Dae Jung to jettison Kim Jong Pil as a substitute.

Grand National politicians said they planned to contest as unconstitutional any attempt to name Kim Jong Pil as acting prime minister.

The assembly turned into pandemonium when members of Kim Dae Jung's National Congress for New Politics and Kim Jong Pil's United Liberal Democrats charged that members of the Grand National Party were casting blank ballots. Grand National members, after boycotting the assembly session on Friday, agreed to vote Monday but decided to use blank ballots so Kim Jong Pil would still not receive the votes needed to become prime minister.

"It's blank, it's blank," shouted a member of the assembly, claiming Grand National members were filing in and out of the voting booths on the edges of the assembly floor too quickly to mark

"yes" or "no."

With that, members of Kim Jong Pil's party dashed to the booths to prevent further balloting, and the fighting started. The floor was quickly filled with masses of black-suited men flailing at each other, shoving one another across desks.

The Grand National hit upon the device of casting blank ballots amid reports that the party was split and that as many as 20 of its members would vote for Kim Jong Pil if they voted for anyone. That would have been enough for Kim Jong Pil to win approval as prime minister, provided the National Congress for New Politics and the United Liberal Democrats voted as a bloc for him.

It takes a majority vote in the assembly to approve whomever the president nominates.

The Grand National Party "is badly divided," said Kim Min Seok, a member of Kim Dae Jung's National Congress for New Politics. "The problem is they have no concrete leadership. They are afraid they will be divided further if they vote on the matter. Then their party will disappear."

Kim Min Seok portrayed the showdown as "the worst of the worst situations" but predicted Kim Dae Jung could begin to push through a legislative reform program after weathering the storm.

Food Running Out, North Korea Says

TOKYO — North Korea said Monday that its food stocks would run out by mid-March, adding to concerns about the risk of famine there.

The statement, released by the official North Korean news agency, was intended to bolster appeals by the United Nations for international food assistance for North Korea.

"The international food aid will encourage our people in their efforts to eradicate after-effects of the natural disasters and normalize production in agricultural and other sectors of the national economy," the North Korean dispatch said.

North Korea is facing a severe food shortage and is chronically dependent on grain imports, and there is no doubt that there is some malnutrition. But the scale of the shortage is still widely debated, in part because North Korea severely restricts access by foreigners to the country, especially to hard-hit areas.



COMMON TOUCH — Imelda Marcos, the widow of the longtime Philippine president, Ferdinand Marcos, campaigning Monday in a Manila fish market. She is one of about 80 candidates for president.

lice officers questioned the legality of the order because the meeting was academic in nature. (AP)

Lights On in Auckland

AUCKLAND, New Zealand — Electricity returned slowly to New Zealand's biggest city Monday, but full power remained days away.

Central Auckland now has about a third of its normal supply, which was enough to start power service on Monday based on a morning-on, afternoon-off rotation.

The plan was aimed at giving consumers at least some certainty of supply following only sporadic flows of electricity over the previous 10 days.

The municipal supplier, Mercury Energy, struggling to repair a freak collapse of all four of its main supply cables to the downtown area, said it could announce by Wednesday if it could meet its March 9 target for restoring full power.

Cables into the city of 1 million people started failing in late January, with the last one giving out on Feb. 20. (Reuters)

Thais Shift Refugees

BANGKOK — Thai authorities began moving more than 10,000 refugees belonging to Burma's Karen ethnic minority Monday from four temporary camps in northern Thailand to one centralized camp.

The 10,491 Karen refugees were given the choice of going back to Burma, but none was known to have accepted the offer, said an official of a private aid organization, speaking on condition of anonymity.

The Karen minority, which lives in eastern Burma, has been in rebellion against the central government since Burma's independence five decades ago.

At times, the Burmese Army has applied harsh pressure against Karen civilians as well as guerrillas to try to stamp out the rebellion.

The military government that took power in 1988 has reached cease-fires with insurgent groups of other ethnic minorities but not the Karen.

The move to a camp in Mae Hong Son Province, 650 kilometers north of Bangkok, was expected to be completed by mid-March. (AP)

INDIA: Partial Returns Favor Hindu Nationalists Over Congress

Continued from Page 1

Front held preliminary talks during the election campaign about forming a possible governing coalition, the early results pointed to the strong possibility of a neck-and-neck contest for power between the Hindu nationalists and a Congress-United Front alliance.

How this contest might work out seemed to be anybody's guess, given the fluidity of Indian political alliances, especially when loyalties are tested in the jockeying for power after elections.

But some Indian political commentators said that the mood of quiet celebration evident at the vote results reached the Bharatiya Janata Party's national headquarters in New Delhi could be premature in view of the party's experience after the 1996 election.

But some Indian political commentators said that the mood of quiet celebration evident at the vote results reached the Bharatiya Janata Party's national headquarters in New Delhi could be premature in view of the party's experience after the 1996 election. At that time the Hindu nationalists finished as the largest parliamentary bloc, then formed a 13-day government that collapsed for want of support from any other party.

By dusk Monday in New Delhi, behind-the-scenes efforts were already in hand to block the Hindu nationalists again.

A key player in the maneuvering, Harkishan Singh Surjeet, who is secretary-general of the Communist Party (Marxist), one of the major components in the United Front, said that leaders of the Congress Party and the United Front were confident that they could keep the Hindu nationalists out of power. Soundings among split parties, he said, indicated that most of them would shun the Bharatiya Janata Party, thus denying it the seats needed for a majority.

"If they get a majority, of course, nobody can stop them," Mr. Surjeet said. "But in case they fall short, as they will, then between the Congress and the United Front some mechanism will be found by which a government will be formed, and the BJP will be kept out."

The projections made by Star TV, on the basis of partial vote counts announced by the country's Election Commission, were broadly similar to predictions made by several of the country's major newspapers and by Doordarshan, the state-owned broadcasting network.

With a turnout of about 55 percent among the 505 million eligible voters nationwide and a vote count that was less than half completed for some seats after more than 12 hours of tallying on Monday, all the projections were tentative.

Until the decline of the Congress Party opened new possibilities for the Bharatiya Janata Party in the 1990s, the Hindu nationalists were always considered a marginal force in Indian politics. Party, this was because of the legacy of the assassination in January 1948 of Mahatma Gandhi, the independence leader, who was shot by a Hindu nationalist, and partly because of a widespread perception that the Bharatiya Janata Party, in its zeal to govern India in a way that gives primacy to the culture of the country's 700 million Hindus, is fundamentally hostile to India's 120 million Muslims.

Similarly, it seemed clear from the results that the Congress Party had suffered a result that fell far short of the high hopes generated by Mrs. Gandhi's campaign.

Despite huge crowds that turned out around the country for her 140 election rallies, the party appeared to have made major gains in only one state, Maharashtra, with its capital in Bombay.

Cambodians Await Census-Takers' Knock

The Associated Press

PHNOM PENH — Twenty-five thousand census-takers spread out across Cambodia on Monday for the country's first census in 35 years.

The census-takers hope to reach 97 percent of the population in the nation's 21 provinces in 11 days.

The United Nations Population Fund helped carry out a sketchy demographic survey last year that estimated Cambodia had 10.6 million people, half of them younger than 18. The fund also is helping with the current census, which was organized by the Ministry of Planning.

Cambodia last conducted a national

census in 1962, counting the population then at slightly less than 6 million, with an annual growth rate of 2.6 percent.

But under the Khmer Rouge terror of 1975 to 1979, as many as 2 million Cambodians died from overwork, illness, starvation or execution.

The census-takers' 20-minute questionnaire will cover religion, birthplace and length of stay in a current residence, as well as the number of children born to a family and the number still living, to determine infant mortality rates. The three-year, \$5 million project is crucial for the government's efforts in social and economic planning, organizers said.

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EUROPE

Serbia Tries to Stamp Out an Ethnic Albanian Rebellion in Kosovo

By Chris Hedges
New York Times Service

IN THE CICAVICA MOUNTAINS, Serbia — A half dozen heavily armed rebels who had taken cover in a copse of trees to evade a Serbian attack helicopter scanned the bleak, moonlit horizon and set out swiftly toward the foothills of the Cicavica Mountains.

Wearing camouflage uniforms and weighted down with AK-47 assault rifles and ammunition-packed vests, the rebels said little as they moved through darkened farm villages, their boots leaving waffle imprints in the snow and mud.

The guerrillas were members of the Kosovo Liberation Army, which is fighting to create an independent state for the ethnic Albanians who make up 90 percent of the population here in southern Serbia. And this trek on a February night marked the first time the group had allowed a reporter to accompany one of its armed units deep into its mountain redoubts to meet its commanders.

The growth of the rebel movement, which has carried out a string of bold attacks in the last few months, has

alarmed many Western diplomats, who fear the prospect of a wider conflict.

Until 1989, Kosovo was an autonomous province of Yugoslavia. But in that year the largely Muslim and Albanian-speaking region was absorbed by Serbia, which with Montenegro is all that remains of Yugoslavia after the secessionist wars of 1991-95.

Diplomats are concerned now that rising violence in Kosovo could trigger the kind of military confrontation by the Serbian military in the conflicts in Croatia and Bosnia-Herzegovina, and engulf ethnic Albanians in neighboring Macedonia.

Compounding their concerns, the Albanian government has warned, without elaborating, that it would be forced to "act as one nation" should outright war erupt in Kosovo between the Serbs and the ethnic Albanians.

The Serbian government has combined police and paramilitary units from the Ministry of Interior in recent weeks to stage the fiercest counterinsurgency campaign to date to crush the rebel force.

Many Serbs have begun to send their families out of the region. The postal

authorities have halted service to 35 towns where the rebels operate. Serbian enclaves and towns have set up barricades with armed guards at night. Police checkpoints are now placed behind sandbags and protected by snipers on the roofs of nearby buildings. Nearly all police officers carry assault rifles and wear bulletproof vests.

"We are constantly on the move," said a guerrilla known as Tomor, who like all the rebels wore a patch on his sleeve bearing the black double-headed eagle of Albania. "The Serbs come in with helicopters and armored personnel carriers, but they cannot find us. These are our hills. The Serbs are foreigners."

"The Serbs move around in force, but they no longer enter these areas in small units," he added. "The police checkpoints on the main roads are abandoned every afternoon because the police know we will attack them at night. The Serbs are losing control in Kosovo. They are lashing out with a fury that will only inflame the war."

The rebels escorting the reporter entered a village, which they asked not to be identified, where one of the Lib-

eration Army's senior commanders and his comrades were assembled in a farmhouse at the peak of a windswept hill. When the rebels reached the small stone house, they reported to guards outside and waited several minutes before they were ushered in through a gate in a high wooden fence.

The rebel group carried out its first attack in 1993, but it was not until the middle of last year that it began to mount regular and sustained assaults.

In the last few months the rebels have overrun more than a dozen police stations, carrying away scores of automatic weapons. They have attacked many police patrols and checkpoints and claim responsibility for the assassinations of more than 50 Serbian policemen and officials, as well as of ethnic Albanians suspected of collaborating with the Serbian authorities.

Serbian courts have been meting out draconian sentences to scores of people suspected of belonging to the armed movement, including sentencing 17 ethnic Albanians in December to a total of 186 years in prison. There are now frequent police sweeps, with many of those detained held incommunicado for days. Most of those who are arrested say the Serbian police use crude methods of torture in an attempt to extract information about the rebels.

Bejan Shehu, 38, who works as a laborer in Switzerland, was among those arrested — when he returned to Kosovo in February to visit his family.

The Serbian authorities say the hundreds of thousands of ethnic Albanians abroad provide money for the rebel movement. They say the rebels find sanctuary in Switzerland as well as Albania, where local lawlessness and official sympathy have permitted hundreds of looted weapons to be smuggled over the border into Kosovo.

There is evidence to support the Serbian charges, including a fund-raising event for the rebels in Brooklyn, New York, on Feb. 11. The event, at an Albanian-American community meeting, netted \$16,000 for rebel representatives who were visiting from Switzerland.

Mr. Shehu, who told his story to a reporter after his return to Switzerland, said the Serbian police had pulled a black hood over his head, handcuffed him and pushed him to the floor of a car.

After five days of questioning and beatings, he said, he signed a prepared confession that he knew about the movement's organization and fund-raising.

"I promised to collaborate with them, and they gave me the name of a police contact," he said. "When I was released, I fled."

The rise of the armed movement, many argue, has overshadowed the nonviolent opposition to Serbian domination, involving particularly the parallel government set up by Ibrahim Rugova and his Albanian Democratic League of Kosovo.

Mr. Rugova, while also calling for an independent state, has condemned the use of force, and since 1989, when Belgrade revoked Kosovo's status as an autonomous province, he has led a movement that has seen most ethnic Albanians boycott state institutions and organize their own schools and community services.

Although few Serbs remain in Kosovo, the region is historically and culturally important to them. It was here in 1389 that Serbian knights were defeated by the conquering Ottoman Turks. The Serbs preserved the myth of this noble sacrifice for five centuries of Turkish rule.

It was on the same battlefield in 1987 that Slobodan Milosevic, then an ambitious Communist Party leader and now president of Yugoslavia, told a roaring crowd, "Never again will anyone defeat you." His speech marked the Serbian revolt against the Yugoslav federation and the nationalist wars that followed.

With peaceful resistance having failed to prod Serbian officials to grant greater autonomy, ethnic Albanians say the only way to achieve their goal is through violence.



Ethnic Albanians braving water cannon fired by Serbian police in Pristina, capital of Kosovo Province, on Monday.

KOSOVO: Serbian Police Attack Ethnic Albanian Demonstrators

Continued from Page 1

Koha Ditore, was attacked by the police in a separate assault outside Pristina's radio station. Several Western reporters were also beaten by the police squads.

"Milosevic has created a situation where there is no political response, where he does not know what to do next," Mr. Suroi said in his ransacked office.

"He responded this weekend to the weekend began when the Kosovo Liberation Army militants ambushed a Serbian police patrol, killing four officers.

The police called in massive numbers of reinforcements and paramilitary units to track down the assailants. Most of those who died, human rights officials said, were civilians shot by enraged police moving through the area where the guerrillas are said to operate.

Mr. Milosevic's government warned the West that the trouble in Kosovo was "an internal affair," and the defense minister, Pavle Bulatovic, told the federal Parliament on Monday that "there could

sweep to track down members of the rebel movement outside Pristina was entering its third day. Roads outside the city were closed to reporters by police roadblocks, but those traveling into Pristina said that special paramilitary troops had surrounded the area of Vranjavac after a series of shots were exchanged.

The killing of the 20 people over the weekend began when the Kosovo Liberation Army militants ambushed a Serbian police patrol, killing four officers.

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Mr. Milosevic's government warned the West that the trouble in Kosovo was "an internal affair," and the defense minister, Pavle Bulatovic, told the federal Parliament on Monday that "there could

be no talks with terrorists in Kosovo."

Ethnic Albanian political leaders, who have led a campaign of civil disobedience to win back the autonomy Mr. Milosevic revoked in 1989, have seen an erosion of support since the emergence of the rebel force. A series of daring attacks on police stations and patrols have won the group, which calls for an independent Kosovo, widespread support and undermined the efforts by leading politicians to keep the protest movement nonviolent.

The attacks, however, have also permitted Belgrade to justify its mounting repression in the province. Western diplomats fear that it could see Serbian forces begin the kind of wholesale attacks on civilians that occurred during the war in Croatia and Bosnia-Herzegovina.

"These attacks may be used by Milosevic as a green light to begin wholly unacceptable repression in Kosovo," a Western diplomat said.

BRIEFLY

Eruption Warning For Mount Etna

CATANIA, Italy — Mount Etna, the Sicilian volcano that last blew in 1991, could be on the brink of another eruption, a top Italian government expert warned Monday.

"An eruption on Etna could take place in a very short while," said Franco Barberi, a vulcanologist who is the secretary of state in charge of civil protection, renewing an alert he made last month.

While activity in the crater was normal, he said he was concerned about "an obvious transfer of lava towards the surface."

Another Italian vulcanologist, Letterio Villari, said last month that the volcano had registered within a 48-hour period 140 tremors, which were accompanied by small eruptions of lava. The activity forced authorities to evacuate residents from the surrounding area. (APF)

Haider Blasts Plan For EU Expansion

VIENNA — Joerg Haider, the Austrian far-right leader, warned Monday that the European Union's eastward expansion could bring a "violent wave" of immigrants into his country.

Mr. Haider said the expansion of the EU, which will begin talks next month with Austria's neighbors Hungary, the Czech Republic and Slovakia, among others, would threaten jobs and salaries.

The enlargement could bring "a violent wave of immigration, of 300,000 people or more," said the leader of the far-right Freedom Party.

Mr. Haider confirmed that he would not be running in the presidential elections in April, as his party focused on legislative elections set for next year. (APF)

Strikes in Germany

FRANKFURT — Trash went uncollected and buses and trams languished in their depots in many German towns and cities Monday as warming strikes by 30,000 public-sector workers hit services across the country.

The strikes were aimed at putting pressure on the government one day before pay talks for around 3.2 million public-sector workers were due to enter their fourth round.

Workers are angry at the federal government for not meeting their demands for a 4.5 percent overall wage increase and for seeking to cut sick pay and pension benefits.

The strikes are expected to continue Tuesday, when public sector unions expect 80,000 staff to stop working. (Reuters)

Diana's Will Leaves Bulk of Her Fortune to 2 Princes

By Warren Hoge
New York Times Service

family came under intense public criticism for being insensitive, remote, out of date and too expensive.

Other beneficiaries named Monday were her butler, Paul Burrell, the man she referred to as "my rock," who got £50,000, and her 17 godchildren, all sons and daughters of friends of hers.

Each will receive an "inheritance from a private list of belongings compiled and evaluated by Christie's. The gifts, which will not be made public, include a decanter, a carriage clock, three watercolor paintings, models of a shepherdess and a bird, and an Odenby coffee service.

Diana sought to protect her sons from royal isolation with a directive that Prince Charles, their father, include her family in decisions about their futures.

"I express the wish that should I predecease my husband he will consult with my mother with regard to the upbringing, education and welfare of our children," she wrote in the original six-page will, drawn up on June 1, 1993, and signed "Diana" in her thick signature.

At that point, almost 12 years into their marriage, animosity between the princess and her husband was high. They were divorced on Aug. 28, 1996.

Although some of the princess's informal parenting style has noticeably been incorporated into the boys' life with their father since her death, in 1993 the prince's approach was rigid and rooted in tradition, allowing them scant opportunity for any normal adolescence.

At her funeral, her brother, Earl Spencer, memorably pledged "that we, your blood family, will do all we can to continue the imaginative way in which you were steering these two exceptional young men so that their souls are not simply immersed by duty and tradition but can sing as openly as you planned."

The total amount of the approximately £13 million estate will be shared equally by the two princes, William, 15, and Harry, 13, even though William is in line to inherit the throne. Income can be

paid to them at the discretion of the trustees until they are 25, when they each are entitled to the whole of their income. At age 30 they can ask for their share of the capital in full.

Diana's estate included stocks, jewelry, cash — mostly from her £17 million divorce settlement — dresses and other possessions at Kensington Palace, her London residence.

Details were added posthumously to her will at the request of her lawyers and the Prince of Wales and under court supervision on Monday.

"The variations were to allow certain assets comprised in the estate to be utilized for charitable purposes, for example items from her wardrobe and the intellectual property rights," said Mr. Gower, senior partner at the London law firm Lawrence Graham.

These rights include copyright, trademarks and resulting royalties from the authorized commercial use of her picture or name. The proceeds can go to charity or for the benefit of the princes.

The will was made available at 11 divisions of the probate court across the country. The six page version goes for 75 pence and the entire 35-page will for 29. Like everything associated with the princess, demand is high.

■ Al Fayed Out on Bail

Mohamed al Fayed, whose son was killed with Diana, was arrested and released on bail Monday after answering police questions about alleged theft and criminal damage, Agence France-Presse reported from London.

A spokesman for the owner of Harrods said that he went to a London police station voluntarily.

The questioning was believed to be in connection with charges by Mr. al Fayed's longtime opponent, the tycoon Tiny Rowland, that safe deposit boxes in Harrods had been tampered with.

The two men had been battling since Mr. al Fayed's takeover of Harrods in 1985 after a bitter fight with Mr. Rowland.

Chief of Russia's Nuclear Programs Steps Aside

By David Hoffman
Washington Post Service

which are still off-limits to outsiders, have fallen on hard times.

Information about Mr. Mikhailov's departure was sketchy. The Interfax and Tass news agencies quoted officials as saying he had submitted his resignation.

A source outside the government, meanwhile, confirmed Mr. Mikhailov's departure and said it appeared to be the result of a power struggle between Mr. Mikhailov and the two reformist first deputy prime ministers, Boris Nemtsov and Anatoli Chubais.

The source said a battle had been brewing for months between Mr. Mikhailov, 64, who sought independent sources of profit to finance his complex, and the deputy prime ministers, who wanted to rein him in.

The source said there had also been a conflict over a plan by some of the closed cities to give big companies special tax privileges. The newspaper Izvestia reported that the plan had attracted some large overseas companies as well as Gazprom, the huge natural gas monopoly here. The source said the reformers had opposed the tax breaks.

The nuclear weapons centers had resorted to other methods to raise money in the past, including loans from private banks. In October 1996, the director of the Chelyabinsk-70 weapons laboratory committed suicide as his lab's debts to banks mounted.

Mr. Mikhailov said at a press conference last week that 1997 "was the worst ever in terms of financing."

His ministry received only 48 percent of what was budgeted by the government, he said, and wages were running six weeks behind. But he said exports were lucrative, bringing the ministry \$2.2 billion last year, including sales of uranium for nuclear-reactor fuel.

Mr. Mikhailov is a champion of the exportation of Russian reactors. He backed the construction of a nuclear reactor in Iran, a project that has drawn heated objections from the United States and Israel, which contend it could be used to provide weapons technology.

Mr. Mikhailov said last week that Russia would expand its role in the project at Bushehr on the Gulf coast, and he had repeatedly brushed off criticism from the United States.

INTERNATIONAL

UN Council Near Accord On Baghdad

Draft Says Use of Force Requires Prior Approval

Compiled by Our Staff From Dispatches

UNITED NATIONS, New York — The Security Council was ready to adopt a resolution Monday warning Iraq of "severest consequences" if it again barred UN weapons inspectors from suspect sites, council members said.

The draft, jointly sponsored by Britain and Japan, has been amended to meet concerns expressed by France, Russia, China and other council members that any resort to force would first require council approval.

The British envoy to the UN, John Weston, said the resolution would very likely be adopted later Monday.

The resolution also endorses the agreement that the UN secretary-general, Kofi Annan, brought back from Baghdad a week ago providing access to presidential sites that had previously been barred to UN weapons inspectors.

A diplomat said the British and U.S. envoys had told their colleagues that the resolution did not have "automaticity" — meaning further council approval would be required for any military action.

The White House, meanwhile, rejected Iraq's assertion that UN weapons inspections cannot go on indefinitely.

"I would disregard what the government of Iraq has to say when they're in spin mode," said the White House press secretary, Michael McCurry.

The Iraqi envoy to the UN, Nizar Hamdoon, acknowledged in a CNN interview that Baghdad's agreement with the UN contained no time limit for inspections of eight presidential compounds.

"But I think that all the understanding was it should be within a reasonable time," Mr. Hamdoon said. "I mean, this process cannot continue forever."

(Reuters, AP)

■ Verbal Clash Over the Rules

Judith Miller of The New York Times reported earlier:

Mr. Hamdoon and Richard Butler, the chief UN arms inspector, have disagreed sharply about a critical part of the arms inspection pact reached last week that helped avert U.S. air strikes on Iraq.

In a CNN interview, Mr. Hamdoon asserted that Iraq expected the inspection teams at eight presidential sites to be subordinate to diplomats appointed by Mr. Annan. The statement elicited a retort from Mr. Butler, chairman of the UN Special Commission responsible for inspecting and disarming Iraq. On the same program, Mr. Butler declared that the agreement gave him overall responsibility for the new monitoring arrangements.

UN officials said it was too early to tell whether Mr. Hamdoon had been merely trying to insist on the interpretation of the new agreement that would be most favorable to Iraq, or had been instructed to challenge what U.S. officials consider a key section of the new accord.

But the exchange led some UN officials to question whether Iraq was starting to retreat from the agreement. The procedures for carrying out the accord have yet to be completed.

Others urged patience. "Let's just wait until the agreement is tested," said Fred Eckhart, spokesman for Mr. Annan.

That may come within a week, according to UN officials. They said that Mr. Butler, with Gary Dillon, a representative of the International Atomic Energy Agency, and Jayantha Dhanapala, the Sri Lankan who was appointed head of the new special group to conduct inspections of the eight presidential sites, had drawn up draft regulations to carry out the agreement. These rules are being considered by Mr. Annan.

The exchange Sunday suggests that Iraq is likely to contest regulations giving the experts of Mr. Butler's special commission, known as Unscom, a leading role in the monitoring of sites that Iraq says are vital to its sovereignty.

The question is whether the diplomats or the technical experts are in charge. Mr. Hamdoon said that Iraq expected Mr. Annan, not Mr. Butler, to be in charge of inspections at the eight sites. When the CNN correspondent challenged this, Mr. Hamdoon replied, "Well, it depends on how you see it."

Mr. Butler said the Iraqi envoy's answer "troubles me slightly because actually it doesn't depend on how you see it." It was "perfectly clear," Mr. Butler said, that he would be in charge.



Foreign Minister Faris Bouez of Lebanon on Monday rejecting any compromise on UN Resolution 425.

GERMANY: In This Battle of Appearances, Expect the Candidates to Shun Risky Issues

Continued from Page 1

instincts are great, favoring the experience of Mr. Kohl. Yet above all else, the election asks if Germany has not had enough of the reunification chancellor, enough of an approach and a style that may not work anymore. And it is at this point that Mr. Schroeder's comfortable manner, his appearance of substance, his approximate allegiance to the center — "modern economics with social responsibility" — makes him a very convincing candidate and a very conceivable winner.

On a European grid going back 50 years, the election presents the unusual situation of a leader who has already won historical recognition facing a challenge, and potential repudiation, in a direct vote. Since Winston Churchill, Mr. Kohl's contemporaries in achievement in Western Europe — Konrad Adenauer, Charles de Gaulle, Margaret Thatcher, Willy Brandt, Helmut Schmidt, Francois Mitterrand — all departed in ways that did not involve their defeat as candidates in national elections.

The high drama fits in here: a 68-year-old man defending a remarkable political lifetime against a challenger 15 years younger than himself who says the chancellor's time is up. In this respect, the election probably promises a more compelling confrontation than any in Europe since the ideologically charged presidential election in France in 1981 when Mr. Mitterrand, a Socialist, defeated the conservative incumbent, Valery Giscard d'Estaing.

As much as Mr. Giscard d'Estaing and Mr. Mitterrand were similar in their desire to portray themselves as men of intellect, vision, and decisiveness, Mr. Kohl and Mr. Schroeder share a willingness to be seen as realists, men with literally broad shoulders and big appetites, at ease in being German, eager to be accepted as politicians who talk from the heart.

To win, Mr. Kohl will have to focus attention on the risks he insists Germany faces, his personal reservoir of respect and power in Europe, and the uncertainties he says Mr. Schroeder represents. With record postwar unemployment rates and aborted reform programs, the chancellor cannot win on statements of his accomplishments, but on the assertion Germany has no better man to its run affairs during a period when it will trade in the Deutsche mark for the common European currency, and surrender its dominant monetary role in Europe to the fuzzy authority of the European Union.

The chancellor will contrast himself with an opponent who has no European or wider international experience, and

who held Euro-skeptical opinions until modulating them barely six months ago, or anti-American positions — now abandoned — through the Gulf War.

Mr. Kohl will also point out to the electorate the potential incompatibility of an alliance between the Social Democrats and the Greens, with their grab bag of opinions, in offering a coherent German European and foreign policy to the country's neighbors and allies. In most political scenarios, a coalition between the two parties would be necessary if Mr. Schroeder, even as top vote-getter, to take office.

The irony in this approach for Mr. Kohl is that his insistence on presenting himself and his party as the safe choice clashes with the now-dominant notion of insecurity about jobs, the future and social protection that has developed among voters during his last term. This makes it more difficult for the chancellor to stress how public debt has grown in Mr. Schroeder's Lower Saxony from 40 million DM to 65 million DM (\$22 million to \$36 million) since 1990, how Lower Saxony's unemployment rate of 12.6 is above the average of most of the western German states, and how the Social Democrats have kept industry at home with state takeovers and subsidies.

By contrast, Mr. Schroeder will eagerly compare himself to Tony Blair

Continued from Page 1

being contradicted by party leaders who demand sufficient revenues to sustain Germany's generous welfare programs. Mr. Lafontaine blocked government plans for a \$28 billion tax cut last year because he argued it would jeopardize funding for important parts of the nation's social legislation.

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Similarly, Mr. Schroeder appears cool to the idea of a "Red-Green" coalition even though many Social Democrats favor it. He endured an unhappy alliance with them in Lower Saxony and has ridiculed such Green proposals as abolishing NATO and raising gasoline taxes.

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SPD: Schroeder Charts a 'Middle' Path to Power

Continued from Page 1

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London Adds Substance to Spectacle



Christopher M. & Andrew Thomas
McQueen's Joan of Arc chain-mail knit dress, center, and clockwise from bottom left: Berardi's leather pantsuit; Chalayan's geometric-collared coat; McQueen's python cape-shouldered dress; Smith's moiré fitted coat and pants, and Macdonald's be-feathered textured knit top and skirt.

By Suzy Menkes
International Herald Tribune

LONDON — The hell-fire glow at the end of Alexander McQueen's runway was symbolic. London has become a fashion beacon for the international collections.

For the first time, the shows that ran through last week were not just about wacky ideas and whimsical eccentricity. There was substance — read grown-up clothes — behind the hype.

The fashion pros have now decamped to Milan, but there is no longer a sense of moving from the second division to the big leagues.

London still offered drama and spectacle: McQueen's ode to Joan of Arc, with a model in scarlet sequins trapped in a ring of fire on the asphalt runway; Hussein Chalayan's play on fashion geometry with cut-out clothes and colored cubes; and Julien Macdonald's merry carnival of knits.

But these designers have also mastered technique, making cut, fit and subtle decoration the key to the season.

A more baleful trend in London was chaotic scheduling, widely dispersed venues and unacceptably late shows.

After finding fame as an aggressive agent provocateur, McQueen produced a mature and well-focused collection. Looking at the impeccable tailoring, it was hard to believe that a year ago the same designer sent out cave-woman goat skins in apocalyptic chaos. This season, the Joan of Arc theme was interpreted as a cape shoulder on a fitted coat, triple rows of buttons like a trompe l'oeil military uniform and chain-mail mesh dresses, all in a color palette of steel gray, black and blood red.

"Joan has so many references — she was a powerful woman and that's what I did," said McQueen, who sported the same red-eye contact lenses and albino-bleached hair as the models.

HIS strong women marched out in pin-striped pantsuits, a sleek jumpsuit with cargo pockets or a corset and long skirt in mixed plaid — all McQueen signatures given a fresh angle. And that is the designer's strength. At 28, he has already established a design identity.

New was the diamond-shaped scarring that fused jackets to the body and

gray denim spliced with red stitching. McQueen also worked fluid draped dresses to show a softer side of his strong woman. Only a photograph of Victorian children seemed less assured.

McQueen's confidence and the refinement of his signature ideas was impressive and suggests that the designer, who has already gone so far so fast, still has a way to go.

There is something noble about Chalayan's uncompromising commitment to his cause, which is to explore volume and space around the human body. As his models walked out against the mirrored room dividers, with colored plastic squares on their lips, their clothes formed a liquid geometry, with arms opening up, capes on shoulders and sweaters cut out in a circle from the armpits. Working with gray, black and occasionally red, Chalayan showed his cutting skills and made the clothes artistic, as when a red thread traced the surface of a dress hem unscrolled at the front.

The designer took the open-and-made theme of a previous collection and made tabards and jumper dresses that were elegant and wearable. So were close-to-the-body sweaters, some with geometric-shaped collars, worn with A-line wrap skirts or pants. Chalayan's graphic, modern knitwear has landed him a contract to design for Tse Cashmere in New York. But his tailoring is also precise, and the finale, when models in flesh-toned bodysuits carried colored cubes, made a poetic ending to a fine show.

Antonio Berardi seems less sure of his identity. He is associated with sexy leather: skimpy pantsuits perforated and frill-edged. But this collection seemed overwrought and overstuffed, what with turquoise eye shadow, orange lips, vivid, not to say garish, clothes and socks worn with high-heel shoes.

A New York street set made an imaginative backdrop and there were pieces worked with subtle embellishment like a pleated edge or Tirolean braid. An underlying sportswear theme might have been developed: hooded sweaters, ski caps with fedoras and biker shorts under sheer dresses. The mishmash of sexpot evening wear suggested that Berardi was auditioning for the Versace job for which he is still supposed to be a candidate.

Well over the top was Macdonald's

show of wondrous knits, with a feather here, Mongolian lamb there, along with fringing, embroidery and tinsel. The designer's exuberance is endearing, but in this show it became exhausting, as models sashayed out from an enchanted forest in a silver bodysuit, a patterned sweater with fringed miniskirt or a sheer toga dress. A Michael Jackson look-alike hammering it up in the front row distracted attention from the quiet elegance of simpler black outfits in lace stiches.

Behind all that was a magical play on texture and artistry, one-of-a-kind pieces, where tiny pearls burrowed into the stitching. And maybe Marks and Spencer, which has taken Macdonald as knitwear consultant, will be happy to find 10 decorative ideas dangling from each outfit.

Paul Smith showed his maturity as a designer. Putting his women's collection on the runway for the first time, he avoided the pitfalls of costume-party looks and fancy styling and just did what he does: clothes for women based on menswear lines.

MISSING was the irreverence and irony that permeates the men's collections and prevents them from looking like Ralph Lauren's theme park England. Smith's recent men's shows have been a sly take on class and the English aristocracy. The same idea was suggested by shabby-chic front-row armchairs. But Smith seemed timid, giving the classics just an occasional swish of bright lining, a peck of a bird embroidery and a sweetening of fondant pink. He needs to loosen up his women's wear to get his signature blend of wearable clothes with a zest.

Two other designers made modern clothes with a focus on fabric and embellishment. John Rocha put discreet patches of devore, embroidery and applique on pepper-and-salt tweed suits. Joe Casely-Hayford was inspired by Bertolt Brecht's "Mother Courage" to put dabs of smocking or cross-stitching on homespun textures.

Deborah Milner, on the brink of signing a contract with Versace (although she said "I can't really talk about it"), showed clothes sculpted in extraordinary materials on an African tribal theme from stainless-steel plummage to homespun textures.



Christopher M. & Andrew Thomas
Strapless top over sparkle sweater and soft pants by Narciso Rodriguez.

A Brave New Face For Milan Designers

International Herald Tribune

Milan — A new generation is turning the bella figura image of Italian fashion inside out. The touchy-feely collection from Narciso Rodriguez that kicked off the Milan fall-winter season, was as far as the wheel can turn from the city's earlier bravura flamboyance.

Instead of exterior flash to announce your cash, Rodriguez — the winner of a design award last month from the Council of Fashion Designers of America — showed a collection on Sunday that was sumptuous in its dense, light fabrics, simple in shape and subtle in color and decoration.

That meant felted cashmere jumper dresses snuggled over sweaters with stardust embroidery on the sleeves. Or strapless dresses and blouses in flat, airy voile worn over fluffy sweaters. Shearling jackets, woolly hose and Birkenstock carpet slippers added to the sense of cozy private pleasure.

"It's hidden luxury — little jewels that are kept on the inside that you don't let people see," said Rodriguez, whose current collection, according to Bonnie Pressman of Barneys, is flying out of the store.

The message was ease and grace: soft, ultra-long jersey pants with square front pockets, loose jackets and over-the-knee skirts. They were slightly sugary compared with the elegant long skirts, bias-cut or paneled. Shades of gray, fawn and khaki, with sudden shafts of sky blue and the discreet sparkle, made for a good collection of modern pieces shown in an offbeat way.

The all-gray collection in felted wool and cotton poplin from Philo-Sophie by Alberta Ferretti was a splendid showcase for the new thick-but-

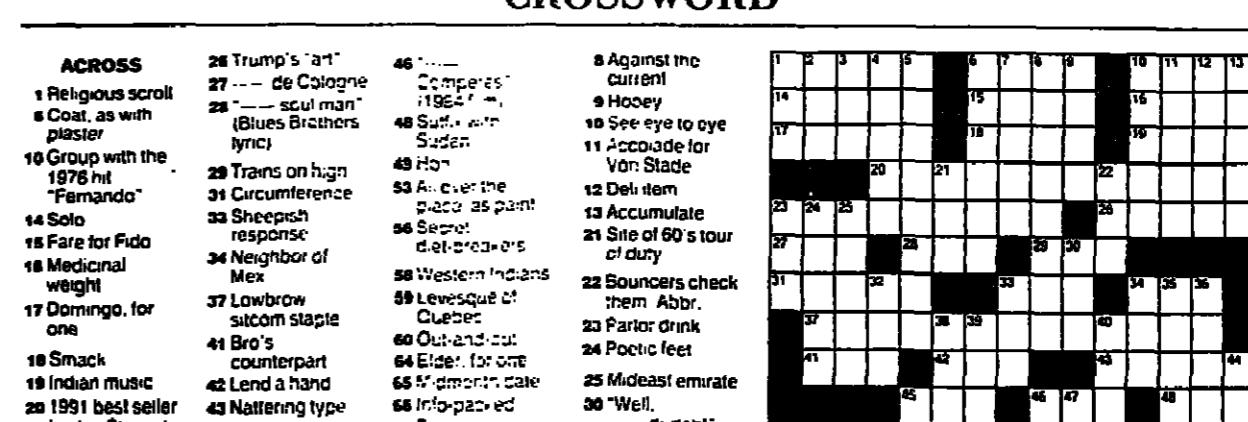
light Italian fabrics. Subtle needle-craft creating modern embellishment included raised seams on tailored coats and crochet hems on long felt dresses. That contrasted with raw edges on poplin tops and ragged tulle hems above tweedy jodhpur slippers. It added up to a cool take on femininity, as small jackets and tidy coats went over the long dresses and box-pleated skirts that are now challenging the supremacy of pants.

Call it the Titanic effect (or maybe the Galliano factor), but most designers can't seem to create modern romance without embracing the past. Anna Molinari sent out for Blumarine on Monday a collection of delicate slip dresses and tiny knits with lace or fur trimmings. Jet embroidery, lacy necklaces and dove gray, mauve and pink colors inspired by Boldini and Degas paintings came from the turn of the century. Then oof! a move forward — but only to the 1920s — for the satin slips and tiny heads trimmed with velvet ribbons. Since vintage-style is still in vogue, it made for a pretty but familiar collection.

In contrast with London designers, who are only just starting to compete with more expensive lines, the Milan calendar features layers of products from the major designers. Although Giorgio Armani has moved his Emporio show to Paris, to reinforce the launch of his French store in Saint-Germain, Gianfranco Ferré is showing three collections. The first was his Studio line for Marzotto, which focused on curvy tailoring, tactile fabrics and a new range of unfussy evening clothes from little black dresses through velvet wrap jackets.

Suzy Menkes

CROSSWORD



Macedonia Threat

Rising violence in the Kosovo province of Serbia has dangerous implications not only for Kosovo but also for its neighbors. Ethnic Albanians make up 90 percent of Kosovo's population but suffer severe repression at the hands of the government. In the last six months a group of ethnic Albanians, the Kosovo Liberation Army, has stepped up its terrorist attacks in Kosovo and claimed credit for two bombings in neighboring Macedonia. That is why a Security Council resolution that cuts off the peacekeeping mission in Macedonia in August is a mistake.

Violence in Macedonia could draw Yugoslavia, Albania, Bulgaria, Greece and Turkey into the conflict. That is why in 1992 the UN deployed a peacekeeping force to the country. The mission has prevented a spillover of violence from Bosnia, blocked arms smuggling to Albania and maintained peace along the Yugoslavia-Macedonia border.

The Security Council voted to end the

—THE NEW YORK TIMES.

No Easy Choices

UN Secretary-General Kofi Annan's agreement with Saddam Hussein will be put to the test in coming days, weeks and months, as President Bill Clinton has said. The merits of the agreement have been greatly exaggerated by administration advocates. They ask those who question it if they would have preferred war. They don't seem to understand that critics have said not that they would have preferred war but that they would have preferred a better agreement.

Nevertheless, at least for the moment, the agreement defused a crisis in which Mr. Clinton found himself faced with a range of unattractive options — and it offers some time to develop a strategy that might leave the United States in a better position if, as seems likely, Saddam fails the UN's resolve again.

One strain of thought argues for a policy seeking Saddam Hussein's removal from power. Neither bombing nor even the most rigorous inspection regime reliably can remove all chemical and biological weapons from Iraq. Even if inspectors could comfortably certify the nation 99 percent anthrax-free, Iraq would have the wherewithal and technical expertise to rebuild. Saddam apparently sees such weapons as essential to his survival and his nation's defense against possible attack from Iran. He has used the weapons in the past and can be expected to use them again.

"His regime threatens the safety of his people, the stability of his region and the security of all the rest of us," Mr. Clinton said recently — in which case only the end of his regime, it would seem, can solve the problem.

But if the logic is clear, the mechanisms are far less so. Some experts maintain that Saddam's grip on power is shaky, that his people are ready to turn against him, that his armed forces are weak and demoralized. Others believe that he has insulated himself all too well.

Some, including the Clinton administration, argue that only a large-scale commitment of U.S. ground troops could guarantee his downfall. Others say that a small number of troops could do the job if America supported anti-regime forces, beamed anti-Saddam propaganda into Iraq and consistently pressured his regime in other ways.

The administration believes that neither the U.S. public nor U.S. allies

Murdoch's Villainy

Collins executives claimed Mr. Patten's effort was not what had been promised and did not "inspire" them "from a commercial standpoint." But the real reason is that the book, which will now be published elsewhere, criticizes China's human rights abuses and expresses concern about how the Chinese will govern Hong Kong.

This would not be the first time Mr. Murdoch has bowed to China's demands. In 1994 his Star TV canceled the BBC news service in its broadcasts to China because the government objected to its reports. At the time, Mr. Patten labeled the cancellation "the most seedy of betrayals" by a Western media executive.

A confidential HarperCollins memo, published last week in London's Daily Telegraph, lays out the corporate spin and predicts that the book's cancellation will earn the publishing house a "hostile press." On that point the memo was right. The decision is contemptible.

—THE NEW YORK TIMES.

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Saddam's Strategy, or the Dictator Is in the Details

By William Safire

WASHINGTON — Having suffered a half-defeat at the hands of President George Bush, Saddam Hussein scored a half-victory over President Bill Clinton. That is apparent to anyone who troubles to read the agreement that Saddam did not deign to sign, especially the "fine print" that United Nations officials urge us to ignore.

But the dictator is in the details. In the key paragraph, Iraq accords inspectors "immediate, unconditional and unrestricted access" to — what? There's no object in that sentence. No clear language states "access to all sites the UN chooses to inspect."

Instead, the secretary-general agreed to a fuzzy "access in conformity with the resolutions referred to in paragraph 1." Search back to paragraph 1 to find out access to what, and you get a couple of 1991 resolutions that leave out the most stringent one that Unesco inspectors quote to affirm clear rights of entry.

Clintonites pretend this means nothing, but UN bureaucrats and Arab diplomats caught the signal: Access is to be negotiated on a site-by-site basis, with impediments to be introduced as the United States tires of chum-

ming its carriers around in the Gulf.

But what of the opening of the eight presidential "palaces" with Yevgeny Primakov's KGB chaperones — isn't that a great victory for access? No; after sanitization, those palaces will be proudly shown to the world's cameras with a smiling "See? All clean. Aren't you foolish to be worried?" Then the palaces will be placed off-limits again — for uncheckable storage of germ warfare equipment.

This is the new technique of "guerilla peace," the way a third-class power can defeat a superpower. The hapless Clinton team says sternly it intends to test Saddam, but in reality he has been testing us for years — steadily poking holes in our leaky containment.

In his most serious test, Saddam struck at our CIA-sponsored opposition in northern Iraq, wiping out its headquarters in Arbil and bringing the Kurds' Massoud Barzani to Baghdad on his knees. Mr. Clinton expressed irritation by lobbing a few dozen missiles into the southern desert. Small wonder that Saddam was emboldened to throw out inspectors pursuing his germ-war production.

His second test of our American resolve was his demand that the UN nearly triple the amount of oil he was permitted to sell. We offered that sop to Cerberus on the eve of UN Secretary-General Kofi Annan's summons to Baghdad, after which Saddam must have danced a jig as Hitler did at Compiegne forest.

Having smashed internal opposition with ludicrous U.S. response, having eroded sanctions in return for another promise to keep broken inspection agreements; having maneuvered the feckless U.S. president into threatening military action without a mission, what is the dictator's next goal?

He does not have to precipitate another confrontation, forcing an American bomb spasms and possibly annoying his guard. As a good guerrilla he only has to harass, give way, harass again.

Little by little, one corruption at a time, he can rid himself of effective inspection and erode the rest of the sanctions — without giving up his ability to develop germs, poison gas and, ultimately, nuclear weapons. And with new oil revenues, the dictator can buy the missile tech-

nology to strike anywhere, any time.

For Saddam is not Saddam without the incipient possession of a terror weapon. Without its potential he is just another local dictator. With it he can say to the Arab world: Only I can save you from 60 million nuclear-equipped Persians. Only I can enable you to dream of obliterating the Jewish intruders. Only I can humiliate the superpower.

Mr. Clinton has shown time and again that he is not one to frustrate Saddam's revival. Nor is our present president likely to be afforded clear provocation for an unavoidable and publicly supported strike.

The Clinton strategy comes as a prayer: Let this cup pass from my lips.

Our next president, confronted with Saddam's tanks rolling through Kuwait to Saudi Arabia, will prepare to counter-attack. Saddam will credibly threaten, if we do, to take out a major U.S. city in a germ attack. We counterthreaten nuclear holocaust. He laughs — just for Saudi oil, are we really ready for an exchange of wholesale death?

At that point, Mr. Clinton's gamble with our security may come in for some criticism.

The New York Times.

America's Choice: Accept the UN or Prepare to Go It Alone

By William Pfaff

PARIS — Trent Lott, leader of the U.S. Senate's Republican majority, said that UN Secretary-General Kofi Annan has been "calling the shots" on U.S. policy toward Iraq. He says American foreign policy is being made by the United Nations.

This obviously is part of a rather stupid partisan quarrel in Washington, but Senator Lott is correct when he says that Mr. Annan's agreement in Baghdad was not made of terms laid down by the United States.

Washington's problem is this: By undertaking to act as agent of the "international community," it can run into the determination of that international community to have a say about what was done in its name on its behalf.

This bothers Mr. Lott and others because they want the United States to be free to act as it sees fit. They do not trust the United Nations, nor do they like interference or second-guessing from America's allies.

There is a comprehensible unilateralism, a position defended by many in the past. The idea that the United States should stand tall — in solitary virtue, unencumbered by the preoccupation of other states — expresses the traditional American exceptionalism. A distaste for foreign "entanglements" is as old as the republic. Today it presents a serious difficulty for the Clinton administration.

A day after Mr. Annan's return to New York from Baghdad, an obviously planted story in *The New York Times* (NYT, Feb. 26) told of a "secret" flight made to New York by Madeleine Albright on Feb. 15 for a "secret meeting" with the secretary-general at his town house. There she is said to have presented America's "requirements" for Mr. Annan's mission to Baghdad. The purpose of the story is to claim (as the *NYT* headline put it) that the "fingerprints" on the Iraqi accord belong to Albright.

The secretary of state will certainly have seen Mr. Annan and told him what the United States wanted him to do. But even though Mr. Annan was Washington's nominee for the post of secretary-general, he works for the UN, not for the

United States, and is required to take his mandate from the Security Council, not from Washington. He did not go to Baghdad.

Nor would the Security Council agree with the United States on instructions for Mr. Annan. John Weston, Britain's representative to the UN, saved the day, following the council's inconclusive debate, by giving Mr. Annan an oral summary of those things on which the council had been able to agree. Mr. Annan went to Baghdad with this unwritten "advice" and the measure of freedom it conferred.

This was also a case — amazingly enough — of European Union foreign policy at work, in this instance using the good cop/bad cop technique.

The loyal British, ready to go to war by America's side, humored Washington and finished the Security Council problem. The bad French briefed Mr. Annan in Paris on what they knew about the Iraqis' thinking and then flew him to Baghdad, where their diplomats had been telling the

Iraqi leadership that this definitely was Iraq's last chance to prevent the bombing and get sanctions lifted.

Following Mr. Annan's return to New York, the Italians, in the person of their prime minister, and France's president Jacques Chirac, both suggested that if there were compunction, a way must now be found (as Mr. Chirac put it) "to reinsert Iraq into the international community." That means tightening and eventually lifting the sanctions on Iraq. Such a statement was undoubtedly awaited in Baghdad.

The United States is not pleased by all this. Mrs. Albright does not like to be pre-empted. The Republican opposition certainly does not like what has happened. Mr. Lot says it means "peace at any price."

Whatever it means, the United States has either to live with it — accepting the involvement of the UN, the allies and the "international community" — or it can go to war if any member is attacked. Expanding from 15 to 18 nations, with more to come, is a much more significant delegation of power over U.S. policies and security than membership in the UN could ever be.

The Senate undoubtedly takes for granted that NATO will always remain a compliant instrument of American policy. It should remember that this is exactly what the American government thought when it launched the idea of a UN organization back in 1945.

International Herald Tribune.

Los Angeles Times Syndicate.

Rights of the Individual Get Lost in an Academic Scuffle

By George F. Will

LOS ANGELES — Guatemala's civil war was one motivation to move.

Another was the 1976 earthquake that killed 23,000 and would have killed Alvaro Cardona if his head had still been on the pillow where the large adobe brick fell. So when Alvaro was 9, his father brought the family north to Los Angeles.

Alvaro Cardona thrived. He left high school, married and started a family at 16; became manager in a restaurant chain; passed the exam for a high school degree; enrolled at a community college, then at the University of California at Los Angeles, studying history. He is now so thoroughly Americanized he is suing someone.

His UCLA financial aid package required that he work while in community college. He works for the UN, not for the

United States, and is required to take his mandate from the Security Council, not from Washington. He did not go to Baghdad.

Students are automatically eligible if they are from "historically underrepresented" peoples, including those of African-American, Chicano/Latino, Filipino and Pacific Islander descent. White and Asian students are eligible only if they are low-income.

In November 1995, when Mr. Cardona was interviewed for a tutorial position, he says the interviewer repeatedly spoke to him about UCLA's "institutional racism" and interrogated him about his views on affirmative action. Mr. Cardona told her he had mixed feelings. Last

year he told *The Chronicle of Higher Education* that he would try to speak to the interviewer that many black and Latino students "seem to carry this complex around that higher education is a God-given right, not something you earn."

During his interview for the tutorial position he says he was never asked about his qualifications or experience as a tutor. He says the interviewer worried that he would stress academics "too much" because, she said, half of a tutor's job is to "validate" students' feelings about institutionalized racism and discrimination.

Indeed, a recruitment flier for tutors lists one hiring criterion as "sensitivity and commitment to underrepresented and low-income students and the

goals of affirmative action."

Mr. Cardona says he told the interviewer that he would try to speak freely about them in settings that do not involve students or interfere with student-teacher relations.

The AAP argues that deference should be shown to academic freedom, which involves making judgments about teaching methods, and that some one unsympathetic to AAP's premises might not be an effective tutor. However, the Supreme Court has held that such speculative worries cannot justify employment.

Institutional prerogatives in higher education should not be disdained. But neither should American premises, which seem to have been discarded in Mr. Cardona's case, by the following reasoning:

The premise of racial preference programs is that rights inhere in groups rather than in individuals. Hence the importance of isolating those retrograde individuals who subscribe to the traditional American premise about the primacy of individuals.

Hence the importance of enforcing political orthodoxy. Hence an easy conscience about sacrificing the rights of individuals like Mr. Cardona.

Washington Post Writers Group.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO
1898: Kaiser's Cards

PARIS — The German Emperor possesses a singular and unique pack of playing cards. The court cards represent portraits of reigning sovereigns selected by His Majesty. The queen of hearts, it is fluttering to record, is Queen Victoria. The Pope, oddly enough, is the king of spades and, with becoming modesty, the Emperor William himself is the king of hearts.

The traditional view is that a small nation must limit its international commitments in order to retain as wide a margin of freedom as possible.

Against this, it is argued that the true measure of national independence in our interdependent world is the degree of influence a country can gain on common European policies.

To secure a seat at the table at which decisions are made must therefore be an essential goal.

The writer, a former Finnish ambassador to the United Nations, contributed this comment to the International Herald Tribune.

gometry's view is patent. Does he think that literature is the sole eligible criterion on testing intellectual ability? Many superior minds can be thoroughly well entertained by literature while incurably averse from the serious study of it; and these same minds may have another predestined and more useful path of development before them.

1948: Russian Wives

in the Details

ology to strike anywhere, and the incipient possession of a nuclear weapon. Without its support, another local dictator. With it, another in the Arab world: Only I can stop them. Only I can enable you to obliterate the Jewish state.

Mr. Clinton has shown that again he is not the one to be president likely to be afforded publicly supported strike.

The Clinton strategy comes as a prayer: Let this cup pass from us. Our next president, confronted with Saddam's tanks rolling through Kuwait to Saudi Arabia, will prepare to strike.

Attack. Saddam will create the germ attack. We comment: "We do, to take out a major U.S. germ holocaust. He laughs — Saudi oil, are we really ready to exchange of wholesale death?"

At that point, Mr. Clinton's position with our security may come in for criticism.

The New York Times

Time to Go It Alone

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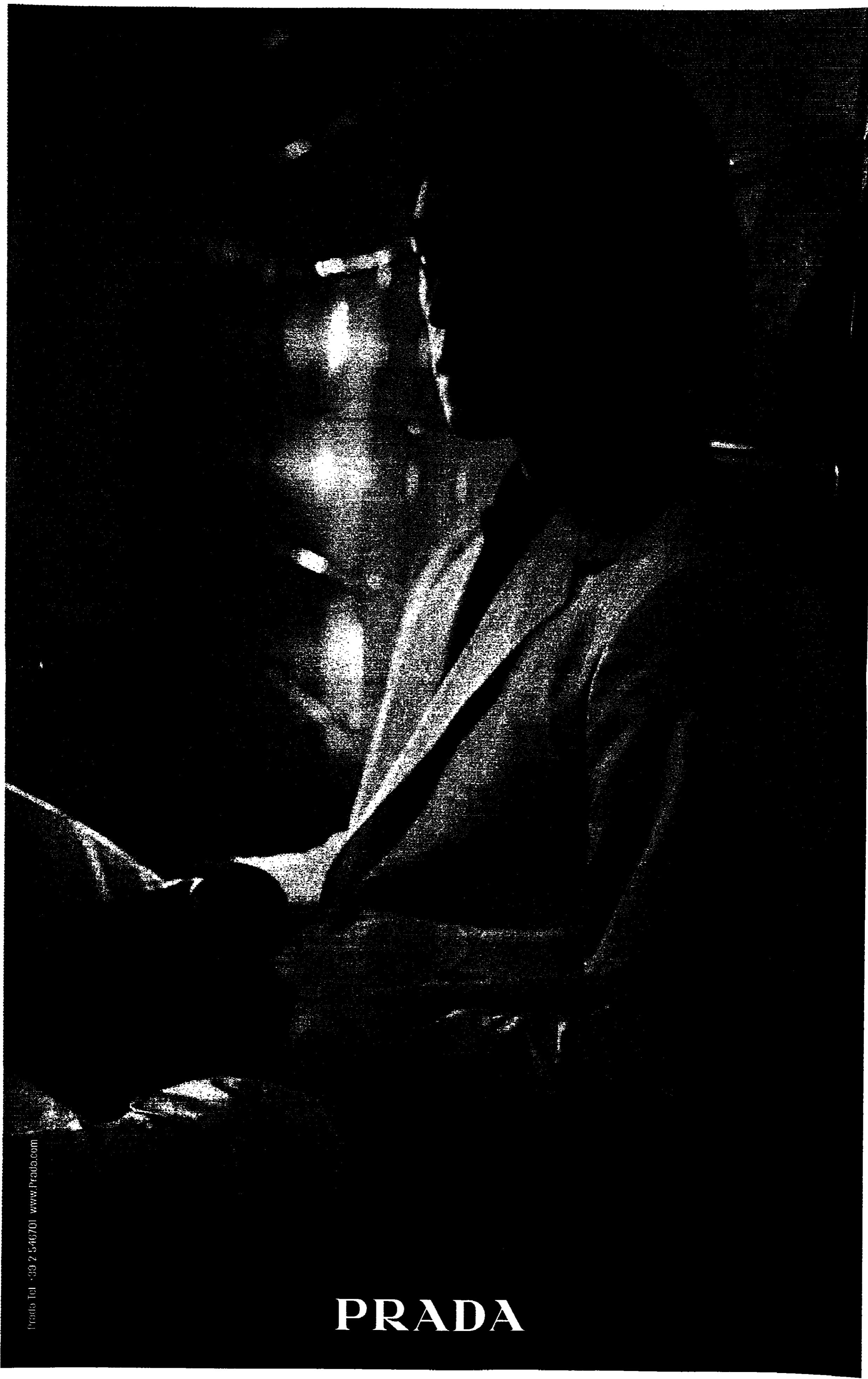
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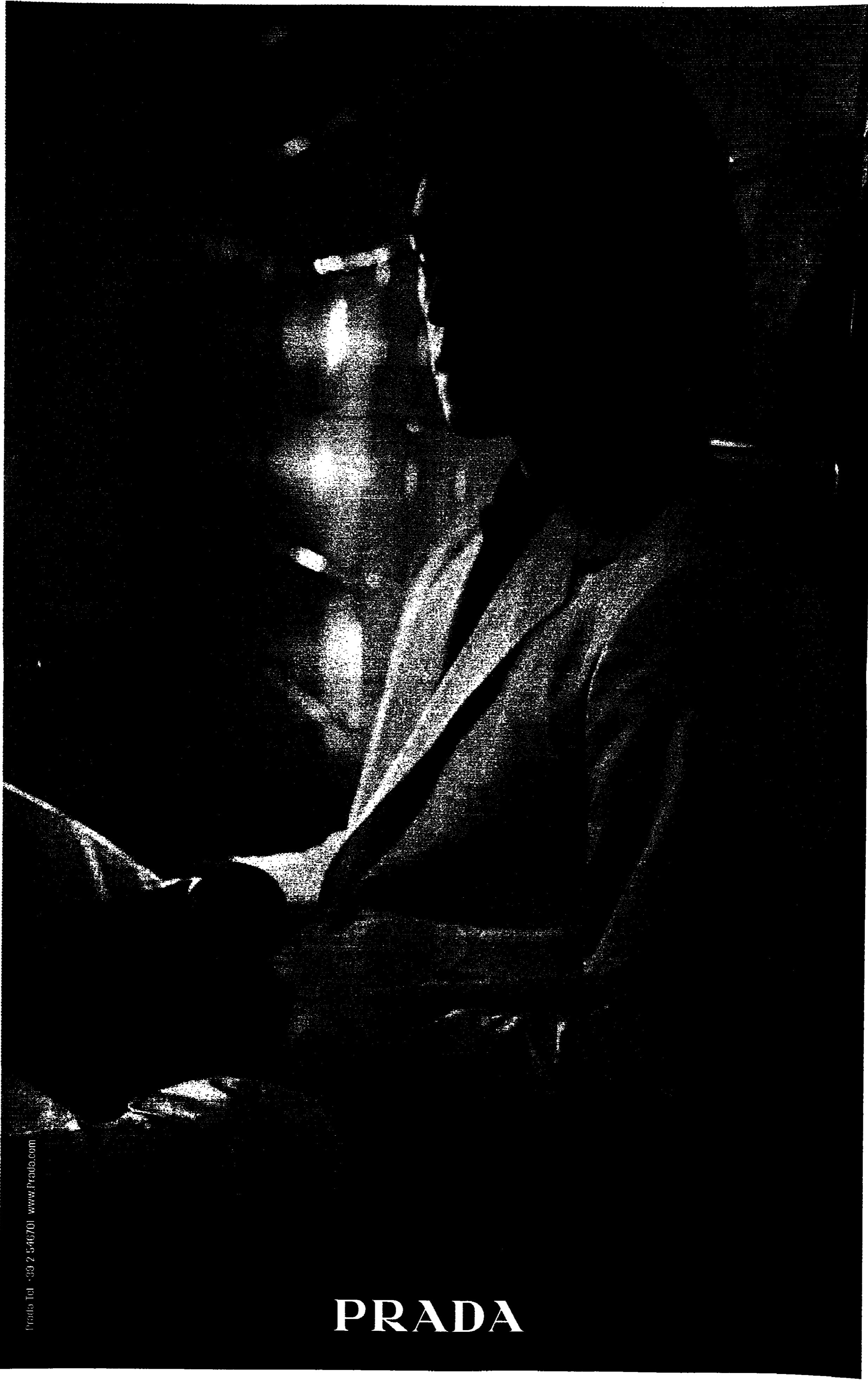
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Learning to Live With Microsoft: The Tale of Spyglass Inc.

By Steve Lohr
New York Times Service

NAPERVILLE, Illinois — Few people are more familiar with the real-world nature of Microsoft Corp.'s market power than Douglas Colbeth, the chief executive of Spyglass Inc.

His Internet software company has been a supplier to Microsoft, providing the software engine for its Internet Explorer browser. Spyglass has also been a Microsoft competitor, briefly, in the browser market.

Both roles proved to be sobering for Spyglass. So much so that the company's current strategy is mainly to stay out of Microsoft's path, finding specialized markets for Internet software and services that the software giant ignores.

Spyglass's course corrections offer a lesson in the complexities of software competition and software innovation, and what it means to compete with Microsoft, whose chairman, Bill Gates, was to testify at a U.S. Senate hearing Tuesday in the midst of a persistent industry debate on the company's practices.

Microsoft's supporters view it as a high-technology national treasure, whose success deserves unqualified praise. The company's critics assail it as a new-era monopolist, whose control of the personal computer software market thwarts competition.

Mr. Gates, who will testify along with a couple of industry allies and a couple of rivals, comes to Capitol Hill as the Justice Department is pursuing an antitrust case against Microsoft.

The Senate hearing, said Orrin Hatch, Republican of Utah and chairman of the Judiciary Committee, is intended only as a forum to educate Congress and the public. "We want to hear firsthand industry testimony on the real-world nature of market power in the software business," he said.

These days Spyglass even chooses its customers with Microsoft in mind.

"When we look at potential customers," Mr. Colbeth said, "we look for companies with defensible different businesses from Microsoft or companies that are in an entirely different business."



Bill Gates, Microsoft's co-founder and chairman, speaking with reporters on Capitol Hill on Monday.

But while the Spyglass story to date — a rise, fall and a recent effort to reinvent itself — helps show why there are concerns about the extent of Microsoft's market power, it also indicates why government intervention would be so tricky, risking a remedy from Washington that might well be worse than any perceived flaw in the fast-moving high-technology markets.

Mr. Colbeth approaches Microsoft from the vantage of a pragmatist, not as a lawyer or economist. Microsoft, he says admiringly, is filled with brilliant, tireless workers.

"It's a great company," he said. "I have tremendous admiration for Bill Gates as a businessman."

Microsoft shapes the environment, Mr. Colbeth says; others must adapt.

"Does Microsoft squeeze suppliers? You bet it does," he said in his office in the Chicago suburbs of Naperville. "But that is just the reality in any industry where one company has an 85 percent share, as Microsoft does in the operating-system market. That gives it enormous leverage in the market, and it uses it."

And do you lose innovation in the software business because companies fight it's crazy to compete with Microsoft? Yes, I think you do," Mr. Colbeth said. "But I also think the effect is to drive innovation into other parts of the information technology business. You can't compete head on against Microsoft, so you are forced to innovate in other areas."

Spyglass is known in all, as the "other browser company," besides

Microsoft and Netscape Communications Corp. The software for browsing the Internet's World Wide Web traces its origins back to work done at the National Center for Supercomputing Applications at the University of Illinois.

The key technical people at Spyglass were research students at the university, as was Marc Andreessen, Netscape's co-founder. In May 1994, Spyglass was chosen by the University of Illinois as the licensee to develop and market a commercial version of Mosaic, the original Web browser.

Mosaic was a second chance for Spyglass, which Mr. Colbeth joined as chief executive in 1991, a year after it was founded. The company's early years were spent marketing three-dimensional software tools used by sci-

entists in medical, geological, and meteorological research. It was pioneering software, by all accounts, but the company struggled in a fragmented niche market that was dependent on declining government research funds.

Yet the Internet was on its way to becoming a household word, and all the major technology companies feared being left behind. As a company, Microsoft was a bit late in noticing the rise of the Internet, but by late summer 1994 it was negotiating with Spyglass to license Mosaic.

Its original offer in August 1994, Mr. Colbeth said, was \$100,000. That would have more than doubled the cash Spyglass had in the bank at the time, but the amount seemed extremely low for an important technology that Microsoft would put into millions of PCs. "It was our experience and it is the accepted belief within the industry that the first offer from Microsoft on licensing deals is always \$100,000," Mr. Colbeth said.

Microsoft's argument for why Spyglass should accept the offer, Mr. Colbeth said, was twofold: The endorsement value of having Microsoft license Spyglass's technology would help it enormously in marketing; and if Spyglass refused to license its technology on Microsoft's terms, Microsoft would develop it in-house.

But that would take six months or a year, and Netscape, backed by Microsoft rivals, was getting ready to begin selling its browser. Microsoft talked to Netscape about licensing its browser, then struck a deal with Spyglass in December 1994 for \$2 million, to use with its Windows 95 operating system.

Later licensing deals to use Spyglass technology on other operating systems, including Apple's Macintosh and Windows 3.1, and a final payment for all future use brought the total that Microsoft paid to Spyglass to \$13.1 million.

By the end of 1995, Spyglass had also licensed Mosaic to 82 other companies, including IBM and Digital Equipment, for use in their software products. The revenue stream from the

See MICROSOFT, Page 14

No 'Deal' Set On Chief for Europe Bank

France and Germany Deny Resolution of Key Standoff

By John Schmid
International Herald Tribune

FRANKFURT — France and Germany on Monday denied that they had reached a secret compromise over the politically delicate allocation of top jobs at the future European central bank.

But several economists concurred that if they had agreed to the solution reported Monday by the German magazine Focus, it would represent the most pragmatic outcome to date to a prolonged Franco-German diplomatic dispute that Germans fear will damage the legitimacy and political independence of the new institution. According to the report, Chancellor Helmut Kohl and President Jacques Chirac quietly reached an agreement that Germany's favored candidate for the top job, Wim Duisenberg, the Dutchman who heads the European Monetary Institute, should become the central bank's first president for a full eight-year term.

In return, France would get the vice presidency as well as right to name the bank's second president after Mr. Duisenberg leaves. The magazine cited unnamed Bonn sources.

"The report is wrong," said Mr. Kohl's chief spokesman, Andreas Frizenkoerfer. The French and German finance ministries gave a similar denial. The board of the European Monetary Institute, forerunner to the central bank, meets Tuesday in Frankfurt, where the topic could come under debate, at least informally. No statements or press conferences are expected, however.

Under the treaty, the institute cannot appoint candidates for the central bank, which will be decided in May at the next summit meeting of EU leaders.

With time running out to resolve the issue, France and Germany remain locked in a standoff, with each backing rival candidates for the prestige position. France has insisted that Jean-Claude Trichet, head of the Banque de France, should become top guardian of the new European currency, the euro, and thus occupy one of the most powerful positions in international finance.

Most other European Union nations support Mr. Duisenberg, who was once called "Dutch clone of a German interest rate hawk." In addition, Germans balked at France's persistent demands because they represent political interference in what Germany insists must be a fiercely nonpolitical institution. Bonn also would like a candidate from one of the smaller nations who can claim the ability to better serve the wider interests of Europe rather than national political interests at home.

Appointing Mr. Duisenberg as president and Mr. Trichet as vice president appears to be the most likely outcome, said Alison Coutrell at PaineWebber International in London. It would install two men of international stature and experience at the helm of an untested new institution, lending the bank credibility at a time when it very likely will need to take a series of unpopular steps to increase lending rates across Europe.

Diplomats in Bonn confirmed that another recent proposal — to split the first eight-year term between the two top candidates — was no longer up for discussion.

A Prayer for Stability From India Inc.

Executives Want a Government Strong Enough to Rise Above Politics

By Miriam Jordan
Special to the Herald Tribune

NEW DELHI — Adi Godrej, an industrialist, says he does not care who wins India's national election. For the sake of his business and the economy, he says only that the new government is strong enough to put the economy before political bickering and rule for a full five-year term.

"What the Indian economy needs is political stability," said Mr. Godrej, managing director of the Godrej conglomerate, one of India's largest personal-products and consumer-goods makers. "Unfortunately, I don't think it's a very likely outcome."

Mr. Godrej is probably right. Results of the election, which ended Saturday, will not become clear until Tuesday. But early tallies indicate that neither the Hindu-nationalist Bharatiya Janata Party nor its rival, the once-dominant Congress (I) Party, is likely to win a clear majority, forcing them to scramble to form a governing coalition. Two unlikely coalition governments in India collapsed last year, prompting the early elections that India has just experienced.

Industrialists, such as Mr. Godrej, do not consider the two main parties far apart on economic policy. But they dread another shaky ruling coalition, saying that would send the wrong signal to the economy at a time when decisive action is needed.

Waning consumer demand has hurt Godrej's two main subsidiaries, which make soaps and electrical appliances, for the first time since free-market reforms were initiated in 1991. Other Indian industries, from automobiles to hotels, also

are reporting a drop in business. Corporate India is looking to the government to spur domestic demand through clear pro-growth policies.

Barely eight years into liberalization, the Indian economy is sputtering, and growth in industrial output and exports is slowing. The government now says that overall economic growth is likely to slide to about 5 percent for the year that ends March 31, after rising 7.5 percent in the previous year. Finance Minister P. V. Narasimhan has said India's economy needs to achieve annual growth of 8 percent to keep up with its swelling population, already 950 million.

Though no party is expected to reverse the path taken to open the once state-controlled economy, the road ahead is likely to be bumpy. Any coalition government would have to build a consensus on unpopular policies, such as selling or closing inefficient state companies and lifting restrictive trade barriers. The financial crisis gripping much of Asia has already prompted some Indian politicians to question whether an even slower and more cautious approach to economic reform is in order.

The Bharatiya Janata Party has

signaled its desire to slow India's integration with global commerce, given "the experience of Asian nations." The party's manifesto warns that India "must move carefully and gradually towards integration with the global economy."

The party wants to keep new foreign investment out of what it calls low-priority areas, such as consumer products. "Foreign capital will be only of little value to the national economy, though crucial to some sectors like infrastructure," the manifesto says, referring to power plants and highways.

In the short term, though, this could undermine efforts to contain the government deficit, which is being closely watched by international lenders and the World Bank.

In addition to curbing corruption — which dogged the previous Congress government — this would mean making the reforms more visible to the public in the form of job creation. The Congress Party also wants to increase state spending on public works, such as roads and bridges, and bring private business practices to those sectors, too.

In the long term, though, this could undermine efforts to contain the government deficit, which is being closely watched by international lenders and the World Bank.

In the short term, though, this could



Stockbrokers in Bombay, where shares rose Monday on election hopes.

Thinking Ahead / Commentary

Asia's Cheap Exports: Who Will Buy?

By Reginald Dale
International Herald Tribune

WASHINGTON — "Market of last resort" is a new phrase entering America's economic vocabulary as the trade implications of the Asian financial crisis sink in. It means a place you can always count on to sell your exports when other outlets fail. And it is something that many Americans don't want their country to become.

There is growing resistance in Washington to the idea that the United States, as the world's largest and most open market, should have to absorb all the cut-price exports expected to flood out of East Asia following the huge currency devaluations of recent months.

Thanks to the Asian crisis, it is now widely forecast that the already swelling U.S. trade deficit will soon grow even bigger, perhaps rivaling the alarming levels of the mid-1980s.

In some ways that might be a good thing. It should help to keep America's thriving businesses on their toes in much the same way that the strong yen forced Japanese industry to keep growing more competitive in those far-off days when Japan was still booming.

But the political consequences could be severe in an election year, especially if the U.S. economy slows further and unemployment starts to rise. The real danger is a big new boost for the protectionist forces already threatening America's continued commitment to an open global economy.

These are the fears behind Washington's insistence that Japan must expand its economy to absorb part of the export surge, and, increasingly, that Europe must too.

There is no immediate reason to panic. Many of the worst-hit Asian countries are finding it hard to gear up their exports for lack of finance, and because imported raw materials, parts and capital equipment have suddenly become prohibitively expensive.

As a result, Thailand is laying off workers in some export industries and South Korea's export capacity is shrinking.

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But the fact remains that the stricken Asian countries will have to increase their exports to get out of trouble, and their own markets will not absorb many imports in return. That also worries Continental Europe, where the current recovery is also heavily dependent on exports, and

it is unclear how far inflation will offset the competitive advantages gained by devaluation, or how far currencies will appreciate again as the crisis wanes.

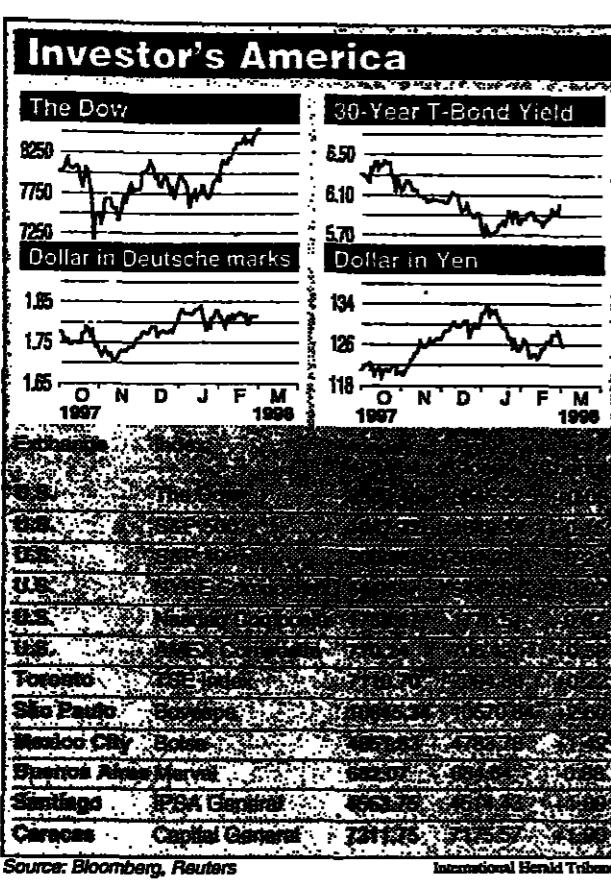
Americans, in other words, should start worrying less about protecting their own markets and more about opening other people's. Unfortunately, there is little sign of the leadership necessary to persuade them to do so.

Thinkahead@washpost.com

CURRENCY & INTEREST RATES

Cross Rates	March 2						
	Libid-Liber Rates		March 2				
U.S. \$	DM	FF.	U.S.	U.S.	U.S.	U.S.	U.S.
240.65	1.584	1.577	1.577	1.577	1.577	1.577	1.577
1.00	0.64	0.635	0.635	0.635	0.635	0.635	0.635
Frankfurt	1.2014	2.985	1.0000	1.0000	1.0000	1.0000	1.0000
London (G)	1.2002	2.985	1.0002	1.0002	1.0002	1.0002	1.0002
Madrid	1.1685	2.977	1.0005	1.0005	1.0005	1.0005	1.0005
Milan	1.1610	2.977	1.0008	1.0008	1.0008	1.0008	1.0008
New York (G)	1.1604	2.982	1.0008	1.0008	1.0008	1.0008	1.0008
Tokyo	1.1602	2.979	1.0008	1.0008	1.0008	1.0008	1.0008
Toronto	1.1602	2.979	1.0008	1.0008	1.0008	1.0008	

THE AMERICAS



AIG Matches Bid By a Rival for American Bankers

Bloomberg News

NEW YORK — American International Group Inc. on Monday matched a rival bid from Cendant Corp. for American Bankers Insurance Group Inc., raising its initial offer by 23 percent, to \$3.8 a share.

AIG's new offer values American Bankers at \$2.7 billion, equaling Cendant's offer. Before AIG raised its offer from \$2.2 billion, analysts said the insurer was unlikely to engage in a bidding war.

In late trading Monday, American Bankers shares were up \$0.125 to \$61.375, a signal that investors expected Cendant to sweeten its offer. Cendant's president, Henry Silberman, said earlier that he welcomed an auction. A spokesman for the direct-marketing company, which franchises travel-related brands, including Avia and Howard Johnson, declined to comment.

Cendant began a \$3.8-a-share cash tender offer for American Bankers on Jan. 28, more than a month after Miami-based credit insurer agreed to be bought by AIG for \$47 a share. Last week, it extended the tender offer, through which it hopes to acquire 51 percent of American Bankers with cash, until March 6. Cendant plans to buy the rest of American Bankers with stock.

American Bankers said its board favored the agreement with AIG.

Sunbeam Blends in 3 Companies

\$2.5 Billion Paid for Coleman, First Alert and Signature Brands

Compiled by Our Staff From Dispatches

DELRAY BEACH, Florida — Sunbeam Corp. agreed Monday to buy Coleman Co., a maker of camping equipment, Signature Brands USA Inc., which makes Mr. Coffee machines, and First Alert Inc., a producer of smoke alarms, for a total of \$2.5 billion in stock, cash and assumed debt.

"We never do anything half-hearted," said Chairman Al Dunlap, who is known for ruthless downsizing and job cuts. "That is a powerful house of brands."

The acquisitions are Sunbeam's first under Mr. Dunlap, who cut 6,000 jobs, closed more than three dozen plants and made Sunbeam consistently profitable since taking over in July 1996.

Mr. Dunlap said in October that he wanted to acquire a poorly managed company with strong brands and restructure it or else sell Sunbeam.

Acquisitions made more sense, analysts said, because Mr. Dunlap can use Sunbeam stock in part to finance expansion, while stocks of the acquired companies had fallen as the manufacturers struggled.

Sunbeam's stock has soared since Mr. Dunlap took over. It closed Monday at \$45.825, up \$4.0625.

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Sunbeam is assuming about \$500 million in debt as part of its deals for the three companies.

The stocks of all three companies shot higher after the deals were announced. First Alert closed up \$2.03125 at \$5.15625. Signature Brands ended \$2.78125 higher at \$8.03125 and Coleman finished \$10.0625 higher at \$30.9375.

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Yen Gains On New Plan For Tax Cut

Bloomberg News

NEW YORK — The yen Monday slipped against the yen Monday as officials proposed tax cuts and spending to jump-start the economy and financial markets.

The dollar slipped 1.65 in Deutsche mark amid speculation that Gerhard Schröder, a September election candidate, would topple Chancellor Helmut Kohl the way for tax reform and measures to promote growth.

Shizuka Kamei, an opposition's Liberal Democratic party's Liberal Democratic party, urged the government to

FOREIGN EXCHANGE

pump 10 trillion yen (\$11.6 billion) into the economy in tax cuts and public works spending, bond sales.

"The yen is clearly here from all this talk of measures," said Rob Haywood, a London-based economic adviser at the Bank of America, who is advising the dollar.

The dollar fell to 125.90

P.M. trading from 126.00 a day. It slipped to 1.8160 francs from 1.8164 DM on

francs. It rose to 1.4665 Swiss from 1.4655 francs. It slipped to 1.6463 from 1.6462 francs.

The latest proposal by the Democrats follows one last calling for 20 trillion yen in tax cuts and spending. That offer failed.

That the government

take the necessary steps to

stimulate the economy from a seven-year standstill.

Still, the yen's rise was capped by doubts the tax proposals will become reality.

The U.S. currency fell after Germany's Social-Democratic Party named Mr. Schröder the premier of Lower Saxony to be its candidate to challenge Kohl in September.

The perception is that he is likely to be a strong leader, able through economic policies to be good for the German economy.

Karl Björnstad, managing director of foreign exchange at Norsec Bank in New York, "We're good for the market. We're not bad."

Other traders expect the dollar to gain, driven by U.S. economic strength and signs that the U.S. market will not raise interest rates.

AP

WORLD STOCK MARKETS

U.S. Utilities Raise Bids for Energy Group

Compiled by Our Staff From Dispatches

LONDON — Texas Utilities Co. bid £4.3 billion (\$7.08 billion) for Energy Group PLC on Monday, but its rival, PacifiCorp, topped the offer, extending one of the most prolonged takeover battles in Britain's utility sector.

Texas Utilities offered 810 pence for each share in Energy Group, which is made up of Eastern Electricity and Peabody Coal, topping the second of two offers made by PacifiCorp. But the other American company then raised its bid to 765 pence per share to 820 pence, valuing the company at £4.35 billion.

The PacifiCorp bid came after the London Stock Exchange closed. Energy Group shares finished up 25 pence at 803.

Another possible bidder, Nomura Securities Co., backed out last month without making a concrete offer.

The chairman of Texas Utilities, Erle Nye, described Energy Group as a "premium company."

Its bid is backed by Energy Group's board. Should it win out, Texas Utilities plans to sell Energy Group's Peabody Holding, the largest coal company in the United States, and Citizens Power, an energy trading business, to Lehman Merchant, the private equity arm of

"It's staggering," said David Campbell of Greg Middleton & Co., who said Texas Utilities had offered too much. "I don't know how they justify it. They don't appear to have the same synergies as PacifiCorp."

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Lehman Brothers International, for \$2.3 billion.

The sale would avoid Federal Trade Commission review on competition issues in the U.S. coal business. A commission review would have delayed the purchase for several months. Texas Utilities has said it does not expect regulatory problems from the British government.

Texas Utilities would retain Energy Group's British power generation plants, as well as its electricity supply and distribution businesses and its gas supply business, which serve about 3.1 million customers, mainly in eastern England. (Reuters, Bloomberg)

In Restructure, Olivetti Forges Ties With Wang

Compiled by Our Staff From Dispatches

MILAN — Olivetti SpA sold its computer-services business to Wang Laboratories Inc. on Monday in a \$390 million deal that makes the Italian high-tech group Wang's single largest shareholder with an 18.6 percent stake.

Olivetti, in partnership with Mannesmann AG, controls Omnitel Pronto Italia SpA, one of Italy's two mobile phone companies. It also has, with Mannesman, InfoTrade SpA, a fixed-line telephone company that plans to challenge Telecom Italia SpA in Italy's basic telephony market. Last year, Olivetti sold its unprofitable personal-computer division to a group of investors.

Olivetti's chief executive, Roberto Colaninno, said that the company would soon reach an agreement about an international partner for its Lexikon office-products unit. He would not elaborate.

The deal, which took months to negotiate, puts more distance between Wang's past as a bankrupt computer manufacturer. The company rose to prominence in the 1970s and 1980s on the strength of its minicomputers and proprietary word processor, and faltered in the late 1980s as customers switched to mobile telephony, she said.

"This is a decisive step forward in Olivetti's restructuring," said Paola Toschi, an analyst at Milla & Co. SIM. The sale will allow Olivetti to concentrate more and more on telecommunications, especially to mobile telephony," she said.

Olivetti shares closed Monday in Milan at 1,958 lire, up 193.

(Reuters, Bloomberg)

of 6.59 trillion lire (\$3.69 billion). Together with full ownership of Olysi, Wang will receive a 19.9 percent stake in Olivetti Ricerca, the Italian company's research and development unit. Olivetti debt will fall by about 1.5 billion lire once the agreement goes through.

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(Reuters, Bloomberg)

Joseph Tucci, left, chairman of Wang, with Roberto Colaninno, Olivetti's chief executive, announcing the deal Monday in Milan.

Photo by AP Wirephoto

Inchcape to Focus on Cars

Compiled by Our Staff From Dispatches

LONDON — Inchcape PLC said Monday that it planned to sell or spin off about 20 percent of its businesses, including marketing services and bottling operations, as part of a reorganization to focus on car distribution.

The world's biggest independent importer and distributor of motor vehicles, including Toyota, Mazda, Chrysler and Jaguar in 35 countries, Inchcape said it planned separate share listings for its bottling business in South America and its products marketing business in Asia

and the Middle East. The company's shares rose on the news, closing up 23.5 pence at 212 (\$3.49).

Inchcape said the moves were aimed at generating cash and raising its share price, which has fallen for six years. The process is scheduled for completion by mid-1999.

The company also announced a 12 percent rise in 1997 profit to \$184.1 million, excluding charges, from \$165.1 million in 1996. Restructuring charges reduced the pretax result to \$86.6 million last year from \$107 million in 1996. (Bloomberg, Reuters)

BTR to Sell Package Unit To U.S. Firm

Compiled by Our Staff From Dispatches

LONDON — BTR PLC said Monday that it would sell its glass and plastic-packaging businesses to Owens-Illinois Inc. for £2.2 billion (\$3.62 billion) and that it would return £2 billion to shareholders.

The deal is another step in BTR's plan to trim its holdings and focus on engineering. BTR sold its polymer operations in November to a management team for £515 million.

BTR said in September that it planned to sell about a third of its businesses, including packaging and construction materials, in a bid to increase earnings. It said it would reinvest the proceeds in engineering businesses and return a "significant portion" to investors.

The company said Monday it was making progress in selling the remaining businesses and expected to complete the "vast majority" of the sales by the end of the year. It is also looking into the possibility of an initial public offering for its building-products unit.

The engineering division, BTR's largest, generated £4.9 billion in sales in 1996, 58 percent of its total sales of £8.4 billion.

BTR's shares rose 26.75 pence, or 16 percent, to close at 187 pence.

For Owens-Illinois, the deal marks its biggest acquisition and will expand its international sales to about half of its total. The company said the purchase of BTR Packaging would add to earnings in 1999.

The move adds BTR Packaging's 1997 sales of about \$1.5 billion to Owens' sales and gives the company a foothold in the Asia-Pacific market, the company said.

Owens-Illinois said the purchase would be financed initially by bank borrowings.

After the sale is completed, Owens plans to refinance part of the bank loans by issuing \$1 billion in equity and \$1.5 billion in senior notes.

Regulatory issues may become a concern in Britain because Owens-Illinois and BTR both had strong positions there, said Eric Boshard, analyst at Midwest Research.

In December, BTR warned that earnings in the second half of 1997 and in 1998 would be hit by the strength of the pound and economic downturns in Asia and South America. (Bloomberg, Reuters)

Investor's Europe

Frankfurt DAX London FTSE 100 Index Paris CAC 40



Source: Telekurs

International Herald Tribune

AP Wirephoto

AP Wirephoto</p

Japan Finance Firms Suffer a Downgrade

Debt-Rating Cuts Reflect Fears for Future

Compiled by Our Staff From Despatches

TOKYO — Two of Japan's biggest finance companies were downgraded by U.S. credit-rating agencies Monday because of their exposure to increased competition and bad debt in light of the economic crisis sweeping the region.

Fuji Bank Ltd. saw its long-term debt rating cut by Standard & Poor's Corp., while Nikko Securities Co. was downgraded by Moody's Investors Service Inc.

S&P cut Fuji's long-term debt rating to BBB-plus from A-minus, one level above so-called speculative rating, better known as junk-bond status.

"The downgrade reflects Standard & Poor's concerns about Fuji's exposure to future deterioration in asset quality resulting from a depressed domestic economy and the financial turmoil in Asian countries," it said. Moody's downgraded its opinion of Fuji's debt last week.

Moody's said it considered "the impact of growing domestic and foreign competition, administrative sanctions and weak stock market conditions on Nikko's prospects for achieving profitability."

S&P and Moody's said they were concerned about Fuji Bank's decision last month to raise its stake in Yasuda Trust & Banking Co. Yasuda, struggling under massive non-performing loans, said last month it would issue 100 billion yen (\$786.5 million) in new shares, with Fuji Bank taking half to become its top shareholder.

Like other major Japanese banks, Moody's said it considered "the impact of growing domestic and foreign competition, administrative sanctions and weak stock market conditions on Nikko's prospects for achieving profitability."

Fuji has seen a drop in investor confidence because of its large portfolio of problem loans, along with declining share values, which reduce or eliminate the banks' earnings from their large shareholdings. This lack of income makes it more difficult for the banks to write off problem loans and now is coupled with Japan's increasingly gloomy economic outlook.

The S&P action came just hours after Fuji said it would raise its capital cushion through the issuance of dollar-based preferred securities through a U.S. subsidiary. A Fuji Bank executive said the target amount for the securities would be \$1 billion to \$1.5 billion and that they would be issued in March.

For Nikko, the credit-rating agencies are concerned that foreign competition could eat into the brokerage's market share as rules governing the securities industry are relaxed.

"Nikko has been relatively late in introducing new products, rationalizing its expense base and implementing efficient management practices," Moody's said.

(Reuters, AFP)



Japan Speculator Gets 12 Years for Fraud

Nui Onoue, a former restaurant owner who borrowed trillions of yen in the heyday of Japan's "bubble" economy, was sentenced Monday to 12 years in jail in the country's biggest loan fraud. She was found guilty of fraud and breach of trust charges involving 270 billion yen (\$2.1 billion).

Bangkok to Offer Exporters More Credits

Reuters

BANGKOK — Thailand said Monday that it would offer exporters more credits to head off concerns that the country's severe cash crunch might stifle an export-led economic recovery.

Bangkok plans to increase export credits fourfold this year to offset the sharp decline in domestic bank lending to Thai exporters, a government spokesman, Akapol Soraschart, said after the weekly meeting of economic ministers.

The government has earmarked 115.5 billion baht (\$2.7 billion) in fresh credits for the export sector for the rest of the year, he said. Exporters have received 26.6 billion baht in the past several months, he said.

The new funding is to include a \$1 billion foreign syndicated loan ar-

ranged by the Asian Development Bank and \$300 million from the Export-Import Bank of Japan, Mr. Akapol said.

Thailand's fragile financial sector is struggling through its worst crisis in decades. Most of its banks have had trouble raising capital as required by the authorities and have been wary of extending loans to mid-size and small corporate borrowers.

The governor of the central bank, Chaiyawat Bulwongsawad, said Monday that Thai banks and finance companies would raise at least 172 billion baht in new capital this year.

Analysis said Thai banks' weak credit ratings had led foreign banks to be wary of accepting their letters of credit for manufacturers importing foreign materials.

The International Monetary Fund, which has sponsored a \$17.2 billion bailout package for the Thai economy, has projected that exports will increase 6.2 percent this year, against a rise of 3.5 percent in 1997 and a decline of 1.3 percent in 1996.

Beijing to Peg 1998 Growth Target at 8%

Bloomberg News

BEIJING — China's departing prime minister, Li Peng, will set the economic growth target for this year at 8 percent when he presents his annual report to Parliament on Thursday, according to copies of the report circulating Monday in Beijing.

The report, which was available among Hong Kong delegates to the annual sitting of the National People's Congress, said the gov-

ernment would aim to keep inflation below 3 percent.

Economists are hoping Zhu Rongji, who will succeed Mr. Li, will usher in new economic policies to accelerate growth. China's economy grew 8.8 percent in 1997, down from 9.7 percent in 1996, and the slowest growth since 1990.

The Asian economic crisis that has seen currencies and stock markets tumble in several neighboring

countries is widely expected to drag China's growth lower this year, as flows of foreign investment dwindle and the country's exports face sharper competition.

The report said that China had "maintained stability of the markets" and its currency, the yuan, despite the crisis in the region, but that the country also should "learn lessons and experience to minimize risks."

Continued from Page 1
ventures and Taiwan-based companies, which for the most part still have plenty of cash to buy raw materials or even increase investments. One winner is Goldman Sachs & Co., which bought 30 percent of a Thai hotel chain that has been packed with bargain-seeking tourists.

The stakes of the shakeout are high: the survival of thousands of companies, the jobs of millions of workers, and the political and economic prospects of nations. In some cases, subsidiaries of a single company have been pitched into a head-to-head conflict, with each unit's survival at stake. A plant in Tianjin owned by South Korea's Samsung Group recently refused to supply any more parts to another Samsung factory in Indonesia unless that unit began coughing up some cash.

Over the past month, the Indonesian Samsung operation has given the Tianjin plant a new lease of life. Samsung's local unit has been able to make in South Korea. Now Mr. Lee hopes that increased

WorldCom Leaps Barrier Into Japan

Bloomberg News

TOKYO — WorldCom Inc. said Monday that Japan had approved its application to offer phone service in Japan, which will make it the first foreign carrier to do so.

WorldCom applied for the license Feb. 3, the same day a World Trade Organization accord opening global telecommunications markets took effect.

With the license, the company will enter by the end of the year into direct competition with Nippon Telegraph & Telephone Corp., the world's largest phone company.

"The whole Japanese market is changing," said Steve Liddell, president of WorldCom Asia Pacific Ltd.

Initially, WorldCom plans to target financial institutions in Tokyo with a fiber-optic telephone and data transmission service. It offers the same service in such cities as London and New York. It also plans to offer international services in Japan.

The company would not say how much of the domestic market it hoped to capture, but 20 percent of the international market, equal to its share in Britain, is a "good benchmark," said Colin Williams, chairman and president of WorldCom International Inc.

The company puts the value of the Japanese telecommunications market at \$100 billion, of which 40 percent is business use. "Being cost-competitive is our driving force" and will change Japan's pricing structure, Mr. Williams said. He did not offer specifics.

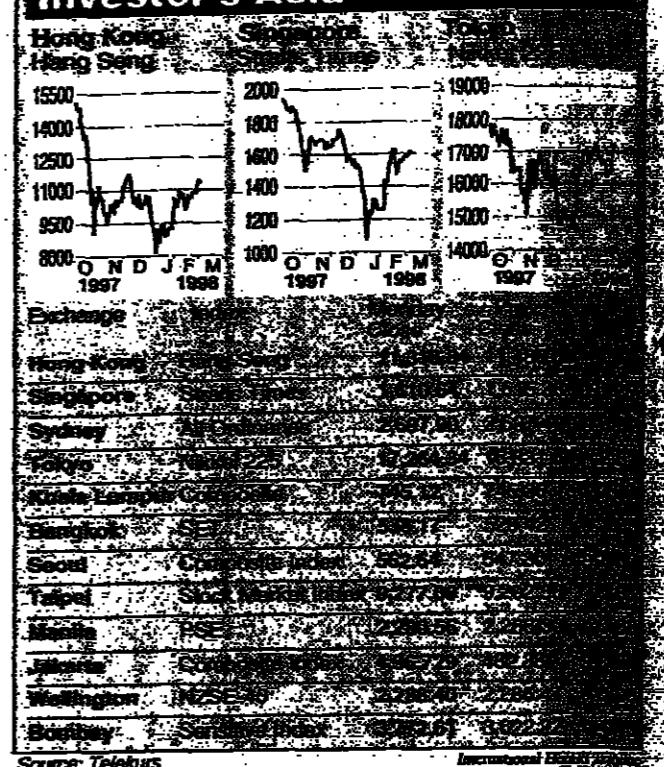
WorldCom plans to sell some services using NTT's network, which WorldCom will market under its own name. It has already started negotiations with NTT, Mr. Liddell said.

Toshiaki Iba, an analyst at ING Barings Securities (Japan) Ltd., said it might be difficult for WorldCom to attract users from NTT. "NTT has a long relationship with Japanese businesses," Mr. Iba said.

British Telecommunications PLC may become another competitor in Japan's phone market. The company has said it would apply for a license to set up its own network in Japan, although on Monday a spokesman said BT had not decided whether it would use the facilities for international or domestic phone services.

WorldCom is expected to complete a \$41.8 billion acquisition of MCI Communications Corp. this year.

Investor's Asia



Very briefly:

• Japanese domestic car sales plunged 22.4 percent in February, compared with a year earlier, to 396,907 vehicles, the Japan Automobile Dealers Association said.

• The European Union urged Japan to open its markets and encourage domestic consumers to buy more imports from the country's battered Asian neighbors.

• A Tokyo court declared a fourth affiliate of the collapsed Yamaiichi Securities Co. bankrupt. Yamaiichi Finance Co. had debts of 171.26 billion yen (\$1.35 billion).

• Kawasaki Heavy Industries Ltd. cut its group pretax profit forecast for the financial year ending March 31 to 34 billion yen from a projection of 43 billion yen. The downgrade was attributed to lower profit from train-carriage sales in the United States.

• Tomen Corp., a Japanese trading house, said it had jointly won a 3.8 billion yen order to build a 175,000-kilowatt hydropower plant in Vietnam with Fuji Electric Co. and Ansaldo Energia SpA of Italy.

• Kentucky Fried Chicken Corp. said it planned to open a store in Hanoi by the end of the year, becoming the first international fast-food outlet in the communist capital.

• Shauawatra Computer & Communication PLC, a Thai telecommunications company, said it posted a net loss of \$134.3 million in 1997, hurt by the bank's decline in value.

• Three Malaysian developers and a Hollywood studio signed up for a share in Australia's biggest waterfront development. The Malaysian groups, which include Yarra City Ltd., which is partly owned by Land & General Bhd., LJM Corp. and Austral Amalgamated Bhd., of Malaysia, and Paramount Studios were among two consortia signing contracts worth 950 million Australian dollars (\$643 million) to develop part of Melbourne's derelict docks.

• London International Group PLC, makers of a leading condom brand, Durex, announced a \$7 million joint venture with Qingdao Latex Co. of China, which makes the Double Butterfly brand.

Reuters, AFP, Bloomberg

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SHAKEOUT: Firms Thrive in New Asian Economic Landscape

Continued from Page 1

plenty of letters of credit to cover \$3 million in component purchases. Those letters of credit — issued by ailing Indonesian banks — are virtually worthless.

"They are just pieces of paper," said Lee Bak June, managing director of the Tianjin plant. "No one accepts them. Now we want cash on delivery."

The stakes of the shakeout are high: the survival of thousands of companies, the jobs of millions of workers, and the political and economic prospects of nations.

In some cases, subsidiaries of a single company have been pitched into a head-to-head conflict, with each unit's survival at stake. A plant in Tianjin owned by South Korea's Samsung Group recently refused to supply any more parts to another Samsung factory in Indonesia unless that unit began coughing up some cash.

Over the past month, the Indonesian Samsung operation has given the Tianjin plant a new lease of life. Samsung's local unit has been able to make in South Korea. Now Mr. Lee hopes that increased

sales to Pakistan, the Middle East, Germany and Russia will compensate.

While companies from markets, cities and countries are competing for investment dollars, the Tianjin Economic Development Area southeast of Beijing is one of the places striving to be a winner, even though the Asian crisis has hammered many of the South Korean, Japanese and Southeast Asian companies that have been among the area's biggest investors since China opened its doors to the outside world in the early 1980s. South Korean and Japanese firms have accounted for 7.3 percent and 5.2 percent, respectively, of the \$9.5 billion in foreign investment in this showcase enclave.

To ease the pain for investors, the authorities here are offering to relax requirements for local inclusion, reduce export requirements, postpone rent payments to extend leases, lobby local banks to extend loans, help deal with labor problems and promote products for the local market.

One recipient of Tianjin's aid has been the South Korean giant Hyundai Electronics Industries Co., which this year plans to import equipment to plant here that eventually will supply parts to Motorola Inc. To ease Hyundai's cash crunch, the Tianjin Economic Development Area agreed to postpone rent payments on the factory for two years.

While South Korean companies are contracting, other companies are expanding. A Taiwan-based food company, Imei, which owns one of the two surviving Thai golf-ball companies, plans to spend \$3 million to set up a cookie factory in the Philippines. Imei can do that because it has been cautious about borrowing money, unlike the over-indebted conglomerates of South Korea, which invested broadly outside their core industries.

"Taiwan companies invest in other areas, but they take care of their core businesses," said Chong Hongchia, a Taipei business executive.

Continued from Page 1
ures tend to underestimate price rises, analysts said.

According to the official figures, food prices rose a month-on-month 16.07 percent in February; housing, 10.03 percent; textiles, 15.62 percent, and services, 9.31 percent.

Anecdotal evidence suggests that in recent weeks, on a month-on-month basis, cooking oil has risen in price by around 130 percent; rice around 34 percent; flour, 33 percent; eggs, 88 percent, and chicken, 34 percent.

"This February figure is no surprise, everything is pointing to inflation spiraling," said Neil Saker, head of regional economic research at Sogem-Crosby in Singapore.

Analysts said a look at the base money figures showed that the central bank was printing a lot of money and at the same time in the real economy there were shortages of food and other essential goods.

"The classic definition of hyperinflation is too much money chasing too few goods and that appears to be the situation now," Mr. Saker added.

"Twenty million in revenues went away — poof — in a year," Mr. Colbath said.

So, once again, Spyglass overhauled its strategy. No

longer in the market for Internet software for the PC market, it is focusing on software that enables non-PC devices to tap into the Internet. This market, just beginning to emerge, is expected to range from cellular phones and television set-top boxes

WORLD ROUNDUP



Waqar Younis bowling Monday against the South Africans.

South Africa Loses

CRICKET Waqar Younis seized South Africa's last two wickets Monday morning to give Pakistan a victory by 29 runs in Durban in the second test against South Africa.

South Africa resumed on 186 runs for eight wickets on its second innings, pursuing 255 for victory. Mark Boucher and Fanie de Villiers raised hopes of a win by extending their ninth wicket partnership from 53 overnight to 86 before Waqar bowled Boucher and then dismissed Allan Donald for naught.

Pakistan leads the three-match series 1-0.

In Georgetown, Guyana, Ian Bishop and Diananath Ramnarine, two West Indian bowlers, shared a record 70-run partnership for the last wicket Monday on the fourth day of the fourth test against England. The home team was all out for 197 in its second innings, leaving England to make 380 to win. England started badly and lost four wickets for 58 by tea. (Reuters)

Williams Wins First Title

TELEVISION Venus Williams, the losing finalist in the U.S. Open, won her first WTA event Sunday when she beat Joanne Kruger, 6-3, 6-2, in the final of the IGA Classic in Oklahoma City.

"I was more ready for the situation of being in the finals this time," said Williams, 17.

Following a 30-minute break, she joined her sister Serena as they captured their first doubles crown by beating Catalina Cristea of Romania and Kristine Kueke of Australia, 7-5, 6-2. (AP)

A Wealthy Inmate

FOOTBALL Lamar Smith, in jail because of a car accident that injured two Seattle Seahawks teammates, has agreed to a four-year, \$7.1 million contract with the New Orleans Saints.

The running back was the driver in a one-car accident Dec. 1, 1994, in which Mike Frier was left paralyzed and Chris Warren was injured. Smith is serving a four-month sentence for vehicular assault.

Quarterback Ty Detmer, a sometime starter in two seasons with the Philadelphia Eagles, agreed to a contract Sunday with the San Francisco 49ers. Terms of the deal were not disclosed. (AP)

SCOREBOARD

BASEBALL

EXHIBITION BASEBALL

SUNDAY RESULTS

Boston 11, Almatys 3

Cleveland & Kansas City 5

Houston 4, Tampa Bay 3, 10 Innings

Toronto 12, Cincinnati 9

Baltimore 1, New York Mets 0

Los Angeles 5, Atlanta 3

St. Louis 7, Montreal 2

New York 6, Philadelphia 3

Florida & Detroit 6

Oakland & Milwaukee 7

San Diego 5, Seattle 4

Arizona & Colorado 4

Atlanta & Chicago White Sox 6

San Francisco 12, Chicago 1

BASKETBALL

NBA STANDINGS

EASTERN CONFERENCE

ATLANTIC DIVISION

Philadelphia 19, 37, 33, 29

Chicago 43, 16, 27, 1

Atlanta 41, 18, 49, 5

New York 23, 22, 59, 6

New Jersey 33, 24, 55, 8

Orlando 29, 29, 50, 11

Washington 27, 29, 52, 12

Boston 28, 30, 49, 12

Detroit 26, 31, 45, 16

Toronto 13, 43, 22, 29

WESTERN CONFERENCE

PACIFIC DIVISION

Seattle 44, 22, 77, 1

LA Lakers 38, 17, 65, 6

Phoenix 38, 19, 65, 6

Portland 34, 24, 65, 6

Sacramento 34, 25, 47, 21

Golden State 12, 45, 21, 32

LA Clippers 12, 45, 21, 32

SUNDAY RESULTS

Seattle 9, Cleveland 22 (Ottoway 12, 10)

LA Lakers 27 (Sugue 11)

Portland 21 (Sugue 10)

Boston 21, 17, 18, 43-107

Atlanta 21, 17, 18, 43-107

Philadelphia 21, 17, 18, 43-107

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TUESDAY MARCH 3

Beat Tiger Woods? Call It 'Awesome'

By Thomas Bonk
*Los Angeles Times Service***VALENCIA, California**

Proving again that golf is

indeed a quirky game, a

slightly roundish, middle-aged (by golf standards) son

of a car dealer beat the best

player in the world (by popular opinion) in playoff in the Nissan Open.

Billy Mayfair, 31, can't hit

the ball as far as Tiger Woods,

he can't wear as many

swooshes and he can't pump

his fist after hitting putting

into the hole nearly as well as

Woods. But on Sunday at

Valencia Country Club, Mayfair

shot a 4-under-par 67,

birdied the last hole of regulation to tie Woods, and then

beat him with another birdie

on the first playoff hole.

It wasn't merely Mayfair's

first victory in nearly three

years, it also pumped

\$378,000 into the Mayfair

family coffers.

Mayfair seemed relieved.

"I guess the big thing is I

know I can win again," he

said. "You go for a while

without winning and you start

thinking, 'Can I ever win

again?' And then to beat Ti-

ger Woods. Wow."

Stephen Ames, the Trinid-

-born Canadian who had

visa problems getting here,

may have problems with the

metal detector going back

home because of the \$142,800

he earned for finishing third.

Ames closed with a 68 and

wound up three shots out of a

playoff. John Daly, who had a

66, tied for fourth place with

Payne Stewart, who shot 70. It

was Daly's best finish since he

won the 1995 British Open.

But the star of the show may

have been the guy who fin-

ished second. Woods is re-

garded as the man to beat in

every tournament, and Woods

isn't all that unhappy to accept

such a burden — even if it

doesn't always work out.

"If the guys are thinking

that way, that's good for me,"

he said. "I can't do it every

time, though. Unfortunately, I

wish I could, but it just

doesn't always work out."

Woods birdied three of the

last four holes to get into the

playoff. John Daly made a

double bogey on the 18th to

lose to Woods. Woods then had

the lead for 18 holes. Stewart had

a birdie on the 17th to tie Woods.

Woods closed with a 68 and

beat Stewart by 6.

"It was a great finish,"

said Stewart. "I'm happy with

the way I played today."

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ART BUCHWALD

Subpoena Victor Hugo

WASHINGTON — Whenever I see Ken Starr, I think of Victor Hugo's "Les Misérables." I see Starr in the role of Inspector Javert, who is determined to hunt down Jean Valjean for allegedly stealing a loaf of bread.

Javert subpoenas everyone in France to testify against Valjean, and suddenly what started out to be an investigation by the prosecutor over a loaf of bread becomes a big Excedrin headache. □

Since he couldn't pin the stolen bread charge on Valjean after four years and 135 million French francs, Javert decides to prove that Valjean had an affair with his ward, Cossette. To do this the inspector calls as his first witness Fantine, Cossette's mother, and offers her immunity if she doesn't faint on the stand.

Vienna Philharmonic Will Return to Madrid

Agence France-Presse
VIENNA — The Vienna Philharmonic is returning to Spain next month for a tour it hopes will ease painful memories of the boos it received the last time around.

A Madrid audience booted a performance of Maurice Ravel's "Bolero" in January after a series of wrong notes.

The orchestra has announced a performance in Madrid on April 20 and another in Barcelona a day later, both under the baton of Zubin Mehta.

When nothing comes of this, Javert wires Cossette's best friend, Lolita, with a tape recorder and induces her to get Cossette to spill the beans on Valjean. Cossette is a talkative little thing and provides Javert with the smoking gun he needs to get Valjean.

So Valjean escapes and joins the French Revolution.

On the barricades Valjean finds Javert and denounces him as a right-wing spy.

Javert subpoenas everyone on the barricades and accuses them all of spreading rumors about him.

Then Valjean, rather than testify, goes into the sewers to escape.

But waiting at the end of the sewer is Javert. He hands Valjean a summons. Valjean makes a paper airplane out of it and sails it down the sewer all the way to Javert's office.

Javert arrests Valjean but then releases him. The detective is so ashamed of his weakness that he throws himself into the sewer and saves his accomplishments.

Yet in a series of conversations recently, in his office in Manhattan and at his home in Westport, Connecticut, Newman revealed

not only the aura and insight of a savvy legend but also a surprising ambivalence about his career, some doubts about his performances and a feeling that his genuine skills had sometimes been trivialized by others because of his good looks.

There has been much talk that Newman is planning to retire (after this interview, it was announced that he had signed on to play Kevin Costner's father in "Message in a Bottle," a romantic drama to be directed by Luis Mandoki). "I swear I'm going to retire from everything, and then I haven't got enough common sense to do it," Newman said. "There's a time to get in and a time to get out. Most people don't know how they're going to survive without the applause. But it's been on my mind for five or six years."

In "Twilight," Newman enacts a role similar to his title part in the 1966 film "Harper." He is a slightly seedy private detective named Harry who is in love with a beautiful actress, played by Susan Sarandon. She is married to a dying film star (Gene Hackman), and the two embroil Newman in a scheme involving the disappearance of the woman's former husband many years before.

In a sense, Newman's life has always been a tug of war between his father's expectations that he would take over the business and become a member of Cleveland's bourgeoisie and his own commitment to acting.

"I think he always thought of me as pretty much a lightweight," Newman once said of his father, who died in the early 1950s. "He treated me like he was disappointed in me, and he had every right to be. It was one of the great



Paul Newman as a private detective on his last legs in "Twilight".

prisoner in "Cool Hand Luke" (1967) and as the alcoholic lawyer in "The Verdict" (1982).

"Newman had never been more deserving" of an Academy Award, the critic David Thomson wrote of "The Verdict." The "winter light got through his mask and into a raw soul."

Thomson called "The Verdict" "a tormenting picture, for it shows what Newman is capable of once his aversion to intimacy can be broken down."

As if to escape his image as a pretty boy, Newman turned himself into a champion race-car driver. He boasts that he is in the Guinness Book of World Records as the oldest person ever to win the Rolex 24-hour endurance race, in 1995, at Daytona Beach, Florida.

He has also turned himself into a philanthropist of major proportions, giving away \$90 million over the last 10 years. His Hole-in-the-Wall camp for children with serious illnesses now number five. And with his food company, Newman's Own, which he owns with his friend the writer A.E. Hotchner, he is finally a successful businessman like his father.

"I understand the romance of business," Newman said, "and the cutthroat nature of it, the consuming kind of ambition to make it bigger."

He is most critical of himself when he speaks of his early work. Of his first stage appearances, he said: "I was just a rank beginner. I got by on looks and energy."

In "Cat on a Hot Tin Roof" (1958), "the machinery of the acting was very much in evidence," he said. And in "The Hustler," Newman said,

"You can still see the machinery going."

With "Hud," Newman said, he was "getting to be more comfortable." But in the end, he believes he failed in "Hud" too. His performance there, he said, was "a big mistake." "I wanted Hud to have all the external graces," he said, "to be lean, hungry, a great brawler, a swordsman, a rascal in the most enjoyable sense — and rotten to the core. What the audience bought was all the external graces. The fact is, he was rotten. But he became a folk hero. We wanted him to be Richard III."

Shaking his head, Newman went on to dismiss his performance in "Harper" as "tidy." What about "Butch Cassidy and the Sundance Kid"? "Not memorable," he said.

Only with "The Verdict," in 1982, did he begin to hit his stride, he said. "It is foremost among the contenders" for his favorite role. Another favorite role is that of Bridge, the proper, contained Midwestern businessman in the 1990 Merchant Ivory film "Mr. and Mrs. Bridge," in which he starred with his wife, Joanne Woodward. "Joanne says, 'That's the real you,'" Newman said.

Ducasse Wins 2d Michelin Three-Star Rating

Reuters
PARIS — The French chef superstar Alain Ducasse won the Michelin jackpot on Monday, becoming the only six-star chef in France's best-known restaurant guide.

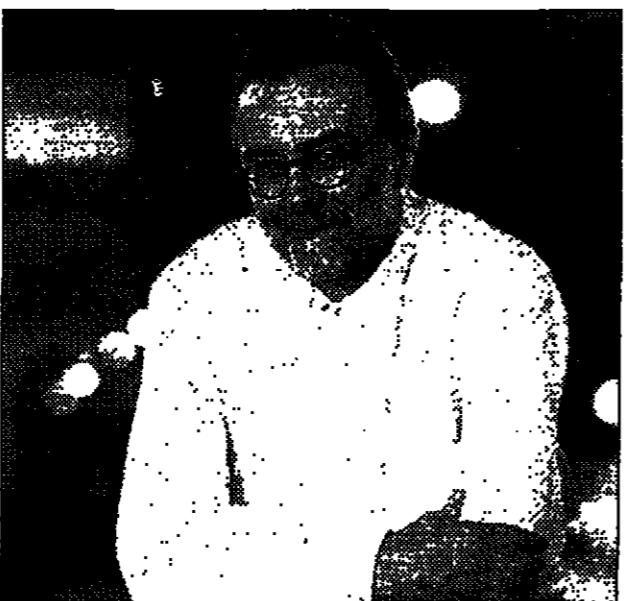
The Guide Michelin awarded Ducasse its three-star rating for his Louis XV restaurant, which specializes in Mediterranean cuisine, in the principality of Monaco. He retained three stars for the Restaurant Alain Ducasse in the Parc Victor Hugo hotel in the 16th arrondissement of Paris.

The two other restaurants promoted to the top rating in the "red" guide were Pierre Gagnaire's Hotel Balzac in Paris's eighth arrondissement and the twins Jacques and Laurent Pourcel's Jardin des Sens in Montpellier in the south of France. Gagnaire had had the unenviable record of being the only man to have run a three-star restaurant that went bankrupt, in Saint Etienne. He moved to Paris in 1996, winning a respectable two stars in his new restaurant's first outing in the Michelin guide last year.

No one lost the top rating in the guide this year, taking the number of three-star restaurants in the France guide to 21 — six in Paris and 15 in the provinces.

The Guide Michelin had been chipping away at its total of three-star establishments in recent years amid signs that the sluggish French economy was forcing leading chefs to cut costs and quality in order to keep customers.

Since a brief period in the 1930s, no one has had six Michelin stars.



Alain Ducasse: Two restaurants and six Michelin stars.

A DOCUMENTARY that suggests Kurt Cobain's death wasn't a suicide opened in San Francisco, despite a warning from lawyers for his widow, Courtney Love. "Kurt and Courtney," by the British filmmaker Nick Broomfield, was shown at the Roxie Cinema. The theater has received a letter from Love's lawyers warning that it would share any liability with the filmmaker and those who raise questions about Love's role in Cobain's death. Cobain, the lead singer of the band Nirvana, was found dead in his Seattle home in 1994 of an apparently self-inflicted gunshot to the head. He was on heroin at the time and though his death was ruled a suicide, questions and conspiracy theories continued to swirl on the Internet. Love succeeded in getting the film withdrawn from the Sundance Film Festival in January, contending that it featured unauthorized music. □

The musical comedy "On Connait la Chanson" (Same Old Song) hit the right note at the French film awards, picking

PEOPLE

up seven Césars, including those for best film and best actor, André Dussollier. It also won awards for best supporting actor, Jean-Pierre Bacri, and best supporting actress, Agnès Jaoui, best screenplay, best sound and best editing. But the director, Alain Resnais, lost out to Luc Besson, who won the director's award for the biggest grossing French picture, "The Fifth Element." The best actress award went to Ariane Ascaride for her part in the romantic comedy "Marins et Jeannettes." The best foreign film was the British movie "Brassed Off" by Mark Herman. Special awards went to Jean-Luc Godard, Clint Eastwood and Michael Douglas.

James Michener never forgot the generosity that allowed him to attend Swarthmore College and overcome his poor childhood. When the author died in October at age 90, he repaid the college — and then some. He left the school the bulk of his estate, adding \$10 million to the college's endowment. And he also left Swarthmore

copyrights and royalty rights to his 43 books. Officials at the liberal arts college in suburban Philadelphia expect Michener's generosity to swell their coffers for years to come. Michener, who attended Swarthmore on a four-year scholarship before graduating in 1929, also gave \$5 million in 1991.

Elizabeth Taylor, was in a Los Angeles hospital on Monday, recovering from a bruised back and hip, after a fall at her home just hours before a party to celebrate her 66th birthday. She is expected to be released soon.

"L.A. Confidential" dominated the 10th annual Chicago Film Critics Awards, while the box-office smash "Titanic" took home two minor awards. "L.A. Confidential" won for best picture, and Curtis Hanson won for best director and, with Brian Helgeland, for best screenplay. "Titanic" won only the best cinematography and best original score awards.



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